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No. 41] NEW DELHI, SATURDAY, OCTOBER 9, 1965/ASVINA 17, 1887

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation

नोटिस
NOTICE

नीचे लिखे भारत के असाधारण राजपत्र 25 सितम्बर 1965 तक प्रकाशित किये गये।

The undermentioned Gazettes of India Extraordinary were published up to the 25th September, 1965 :—

Issue No.	No. and Date	Issued by	Subject
224	S.O. 2916, dated 15th September, 1965.	Delimitation Commission.	Delimitation of parliamentary and Assembly Constituencies in the State of Orissa.
225	S.O. 2917, dated 16th September, 1965.	Do.	Delimitation of Carliamentary and Assembly Cconstituencies in the State of Madras.
226	S.O. 2918, dated 18th September, 1965.	Do.	Amending its Order No. 1, dated the 20th March, 1963.
227	S.O. 2919, dated 18th September, 1965.	Do.	Amending its Order No. 2, dated the 24th August, 1963.
228	S.O. 2920, dated 18th September, 1965.	Ministry of Steel and Mines.	The Scarce Industrial Materials (Control) Second Amendment Order, 1965.
	S.O. 2921, dated 18th September, 1965.	Do.	Amendment to the Scarce Industrial Materials (Control) Order, 1965.
	S.O. 2922, dated 18th September, 1965.	Do.	Delegation of powers of the "Controller" under the Defence of India Rules, 1962 to Shri D.P. Sengupta, Development Officer, Directorate General of Technical Development.

Issue No.	No. and Date	Issued by	Subject
	S.O. 2923, dated 18th September, 1965.	Ministry of Steel and Mines.	Regarding the monthly average rate of consumption of the scarce industrial materials.
229	S.O. 2923-A, dated 20th September, 1965.	Ministry of Information and Broadcasting.	Approval of films specified therein.
230	S.O. 3029, dated 20th September, 1965.	Ministry of Commerce.	Draft notification for the development of the export trade of India for the light engineering products.
231	S.O. 3030, dated 20th September, 1965.	Do.	Recognition of certain organisations as agencies for the inspection of the light engineering products as specified in Schedules I and II.
	S.O. 3031, dated 20th September, 1965.	Do.	The export of Light Engineering Products (Inspection) Rules, 1965.
232	S.O. 3032, dated 22nd September, 1965.	Department of Civil Aviation.	Rescinding notification No. S.O. 4267, dated 11th December, 1964.
233	S.O. 3033, dated 22nd September, 1965.	Ministry of Commerce.	Further amendment to the Exports (Control) Order, 1962.
234	S.O. 3034, dated 23rd September, 1965.	Ministry of Finance	Appointment of Shri B.N. Banerji, Chairman, Central Board of Excise and Customs as Administrator of Gold Control.
235	S.O. 3035, dated 24th September, 1965.	Ministry of Industry & Supply.	Authorising Shri U.N. Rai, Managing Director of the Bihar State Industrial Development Corporation to take charge of M/s. Hindustan Vehicles Ltd., Patna.
236	S.O. 3036, dated 25th September, 1965.	Ministry of Information and Broadcasting.	Corrigendum to S.O. 2706, dated 27th August, 1965.

ऊपर लिखे असाधारण राजपत्रों की प्रतियां प्रकाशन प्रबन्धक, सिविल लाइन्स, दिल्ली के नाम मांगपत्र भेजने पर भेज दी जाएंगी। मांगपत्र प्रबन्धक के पास इन राजपत्रों के जारी होने की तारीख से 10 दिन के भीतर पहुंच जाने चाहिएं।

Copies of the Gazettes Extraordinary mentioned above will be supplied on indent to the Manager of Publications, Civil Lines, Delhi. Indents should be submitted so as to reach the Manager within ten days of the date of issue of these Gazettes.

भाग II—खण्ड 3—उपखण्ड (ii)

PART II—Section 3—Sub-section (ii)

(रक्षामंत्रालय को छोड़कर) भारत सरकार के मंत्रालयों और (संघ क्षेत्र प्रशासन को छोड़कर) केन्द्रीय प्राधिकारियों द्वारा जारी किए गए विधिक आदेश और अधिसूचनाएं।

Statutory orders and notifications issued by the Ministries of the Government of India (other than the Ministry of Defence) and by Central Authorities (other than the Administration of Union Territories).

OFFICE OF THE COLLECTOR OF CUSTOMS AND CENTRAL EXCISE, SHILLONG

Shillong, the 21st September 1965

S.O. 3101.—In exercise of the powers vested in me under Rule 5 of the Central Excise Rules, 1944, I, hereby, empower Officers not below the rank of the Superintendent of Central Excise to exercise within their respective jurisdictions the powers of the "Collector" under Rule 212A of the Central Excise Rules, 1944, in respect of the cases which are within their powers of adjudication.

[No. 4/CE/65.]

G. S. SAWHNEY, Collector.

MINISTRY OF INDUSTRY AND SUPPLY

ORDERS

New Delhi, the 28th September 1965

S.O. 3102.—In exercise of the powers conferred by Section 18G of the Industries (Development and Regulation) Act, 1951 (65 of 1951), the Central Government hereby makes the following order further to amend the Scooters (Distribution and Sale) Control Order, 1960, namely:—

1. This Order may be called the Scooters (Distribution and Sale) Control (fifth amendment) Order, 1965.

2. In the Scooters (Distribution and Sale) Control Order, 1960,—

(i) in clause 2, after sub-clause (d), the following clause shall be inserted, namely:—

"(dd) 'Government of a State' in relation to a Union Territory, means the Administrator thereof."

(ii) in clause 6, for sub-clause (3), the following sub-clause shall be substituted, namely:—

"(3) The register shall be open for inspection during working hours—

(a) by any member of the public;

(b) in any Union Territory, by such Officers as may be authorized in this behalf by the Central Government or the Administrator by general or special order; and

(c) in any other area, by such officers of the Central Government or a State Government as may be authorized in this behalf by the Central Government or the State Government, as the case may be, by general or special order."

[No. F. A.E.Ind.(I)15(1)/63.]

S.O. 3103.—In exercise of the powers conferred by Section 18G of the Industries (Development and Regulation) Act, 1951 (65 of 1951), the Central Government hereby makes the following Order further to amend the Motor Cars (Distribution and Sale) Control Order, 1959, namely:—

1. This Order may be called the Motor Cars (Distribution and Sale) Control (Fourth Amendment) Order, 1965.

2. In the Motor Cars (Distribution and Sale) Control Order, 1959,—

(i) in clause 2, after sub-clause (d), the following clause shall be inserted, namely:—

"(dd) 'Government of a State' in relation to a Union Territory, means the Administrator thereof.";

(ii) in clause 6, for sub-clause (3), the following sub-clause shall be substituted, namely:—

"(3) The register shall be open for inspection during working hours—

(a) by any member of the public;

(b) in any Union Territory, by such Officers as may be authorized in this behalf by the Central Government or the Administrator by general or special order; and

(c) in any other area, by such officers of the Central Government or a State Government as may be authorized in this behalf by the Central Government or the State Government, as the case may be, by general or special order."

[No. F. A.E.Ind.(I)15(1)/63.]

S.O. 3104.—In exercise of the powers conferred by Section 18G of the Industries (Development and Regulation) Act, 1951 (65 of 1951), the Central Government hereby makes the following Order further to amend the Commercial Vehicles (Distribution and Sale) Control Order, 1963, namely:—

1. This Order may be called the Commercial Vehicles (Distribution and Sale) Control (Fifth Amendment) Order, 1965.

2. In the Commercial Vehicles (Distribution and Sale) Control Order, 1963,—

(i) in clause 2, after sub-clause (d), the following clause shall be inserted, namely:—

"(dd) 'Government of a State' in relation to a Union Territory, means the Administrator thereof.";

(ii) in clause 6, for sub-clause (3), the following sub-clause shall be substituted, namely:—

"(3) The register shall be open for inspection during working hours—

(a) by any member of the public;

(b) in any Union Territory, by such Officers as may be authorized in this behalf by the Central Government or the Administrator by general or special order; and

(c) in any other area, by such officers of the Central Government or a State Government as may be authorised in this behalf by the Central Government or the State Government, as the case may be, by general or special order."

[No. F. A.E.Ind.(I)15(1)/63.]

R. V. RAMAN, Jt. Secy.

(Department of Industry)

ORDER

New Delhi, the 28th September 1965

S.O. 3105.—IDRA/18G/65 : In exercise of the powers conferred by Section 18G of the Industries (Development and Regulation) Act, 1951 (65 of 1951), the Central Government hereby makes the following Order further to amend the Cement Control Order 1961, namely :—

1. This Order may be called the Cement Control (Eleventh Amendment) Order 1965.

2. In the Schedule to the Cement Control Order 1961, in the Table below paragraph (C) in the entry against Serial No. 2, for Madukkarai Works the following entry shall be substituted, namely :—

TABLE

Name of Producer	Extra amount per tonne.	Date from which the additional amount may be charged.
"2. M/s. Associated Cement Companies Ltd., Bombay. Madukkarai Works	Rs. 7·72	20th April, 1964.
	Rs. 6·50	Ist July, 1964.
	Rs. 6·54	Ist October, 1964.
	Rs. 7·62	18th February, 1965.
	Rs. 7·86	Ist June, 1965."

[No. 8-9/64-CEM-II]

R. NATARAJAN, Under Secy.

MINISTRY OF FOOD AND AGRICULTURE

(**Department of Agriculture**)

New Delhi, the 18th September 1965

S.O. 3106.—In exercise of the powers conferred by the proviso to article 309 of the Constitution, the President hereby makes the following rules further to amend the Central Arid Zone Research Institute (Class I and Class II posts) Recruitment Rules, 1962, namely :—

1. These rules may be called the Central Arid Zone Research Institute (Class I and Class II posts) Recruitment (Amendment) Rules, 1965.

2. In the Schedule to the Central Arid Zone Research Institute (Class I and Class II posts) Recruitment Rules, 1962 ;

(i) *after item 22A and the entries relating thereto, the following item and entries shall be*

1	2	3	4	5	6	7
			Rs.			*Essential :*
"22B-Live-Stock Officer.	1	General Central Service Class I Gazetted.	400—400—450—30—600—35—670 EB—35—950	Not applicable	35 years & below (Relaxable for Government servants.)	(*i*) Degree in Agriculture/ Dairying or in Veterinary—Science, or in Animal Husbandry of recognised University or equivalent. (*ii*) Post-graduate training in Animal Husbandry. (Qualifications relaxable at Commissions discretion in the case of candidates otherwise well qualified.)

(ii) *after item 29B and the entries relating thereto, the following item and entries shall be*

1	2	3	4	5	6	7
"29-C. Accounts Officer.	1	General Central Service, Class II Gazetted.	Rs. 350—25—500—30—590—EB—30—800—EB—30—830—35—900.	Not applicable	Not applicable	Not applicable.

inserts c, namely :—

8	9	10	11	12	13
Not applicable	Two years	Direct recuitment.	Not applicable	Not applicable.	As required under the rules."

Inserted, namely :—

8	9	10	11	12	13
Not applicable	Not applicable	By transfer on deputation.	*Transfer on deputation* Persons holding posts of Assistant Accounts Officer or equivalent in the Indian Audit and Accounts Department, the Railway Accounts Department or the Defence Accounts Department. (Period of deputation ordinarily not exceeding three years).	Not applicable	As required under the rules".

[No. 36-1/59-Soil Cons.(I).]

V. S. NIGAM, Under Secy.

MINISTRY OF INFORMATION AND BROADCASTING

ORDER

New Delhi, the 25th September 1965

S.O. 3107.—In pursuance of the Directions issued under the provisions of the enactments specified in the First Schedule annexed hereto the Central Government after considering the recommendations of the Film Advisory Board, Bombay hereby approves the films specified in column 2 of the Second Schedule annexed hereto in all their language versions to be of the description specified against each in column 6 of the said Second Schedule.

THE FIRST SCHEDULE.

(1) Sub-Section (4) of the Section 12 and Section 16 of the Cinematograph Act, 1952 (Central Act XXXVII of 1952).

(2) Sub-Section (3) of Section 5 and Section 9 of the Bombay Cinemas (Regulation) Act, 1953 (Bombay Act XI of 1953).

(3) Sub-Section (4) of Section 5 and Section 9 of the Saurashtra Cinemas (Regulation) Act, 1953 (Saurashtra Act XVII of 1953).

THE SECOND SCHEDULE

S. No.	Title of the film	Length 35 mm	Name of the Applicant	Name of the Producer	Whether a scientific film or a film intended for educational purposes or a film dealing with news and current events or documentary film.
(1)	(2)	(3)	(4)	(5)	(6)
1	Sagar Premi Saitasade (Marathi and Hindi)	294 M	Director of Publicity, Govt. of Maharashtra, Bombay.		Film intended for educational purposes (For release in Maharashtra Circuit only)
2	Yojaneche Prayojan (Marathi and Hindi)	274·02M	Do.		Do.

[No. F.24/1/65-FP/App.1023.]

G. S. GUPTA, Dy. Secy.

MINISTRY OF REHABILITATION

(Office of the Chief Settlement Commissioner)

New Delhi, the 27th September 1965

S.O. 3108.—In exercise of the powers conferred by Sub-Section (1) of Section 6 of the Administration of Evacuee Property Act, 1950 (XXXI of 1950), the Central Government hereby appoints for the State of Rajasthan, Shri J. D. Jain, Regional Settlement Commissioner, Jaipur as Custodian of Evacuee Property for the purpose of discharging the duties assigned to the Custodian by or under the said Act with effect from the forenoon of 10th August, 1965.

[No. 11(4)AGZ/64.]

KANWAR BAHADUR,
Settlement Commissioner (A) and
Ex-Officio Dy. Secy.

MINISTRY OF LABOUR AND EMPLOYMENT

New Delhi, the 25th September 1965

S. O. 3109.—In exercise of the powers conferred by section 4 of the Industrial Disputes Act, 1947 (14 of 1947) and in supersession of the notification of the Government of India in the Ministry of Labour and Employment No. S. O. 533, dated the 5th February, 1965 the Central Government hereby appoints each of the officers mentioned in column 2 of the Table annexed hereto as conciliation officers for—

(*i*) all industries carried on by or under the authority of the Central Govrnment ;

(*ii*) all railways ;

(*iii*) all controlled industries specified by the Central Government under item (*i*) of clause (*a*) of section 2 of the Industrial Disputes Act, 1947 ;

(*iv*) the Employees' State Insurance Corporation ;

(*v*) the Agricultural Refinance Corporation ;

(*vi*) the Deposit Insurance Corporation ;

(*vii*) the Unit Trust of India ;

(*viii*) all banking and insurance companies ;

(*ix*) all mines, oil fields, Cantonment Boards, and major ports.

in the respective areas specified in the corresponding entries in column 3 of the said Table.

THE TABLE

Serial No.	Designation of Officers	Territorial jurisdiction
1	2	3
1	Chief Labour Commissioner (Central), New Delhi.	Whole of India but with regard to the State of Jammu & Kashmir, the jurisdiction extends only in relation to industrial dispute concerning workmen employed under the Government of India.
2	Deputy Chief Labour Commissioner (Central), New Delhi.	Do.
3	Deputy Chief Labour Commissioner (Central) (Training), New Delhi.	Do.
4	Regional Labour Commissioner (Central) (Verification), New Delhi.	Whole of India but with regard to the State of Jammu & Kashmir, the jurisdiction extends only in relation to industrial disputes concerning workmen employed under the Government of India.
5	Welfare Adviser to the Chief Labour Commissioner (Central), New Delhi.	Do
6	Regional Labour Commissioner (Implementation) (Central), Dhanbad.	Do.
7	Regional Labour Commissioner, (Central), (Training), New Delhi.	Do.
8	Assistant Labour Commissioner, (Training, New Delhi.	Do.
9	Regional Labour Commissioner, (Central), Kanpur.	Do.
10	Regional Labour Commissioner, (Central), Jabalpur.	Do.
11	Regional Labour Commissioner, (Central), Bombay.	Do.
12	Regional Labour Commissioner, (Central), Madras.	Do.
13	Regional Labour Commissioner, (Central), Hyderabad.	Do.
14	Regional Labour Commissioner, (Central), Calcutta.	Do.
15	Regional Labour Commissioner, (Central), Dhanbad.	Do.
16	Officer on Special Duty and Regional Labour Commissioner (Implementation) (Central), Nagpur.	Do.

2		3
17	Assistant Labour Commissioner, Kanpur.	The States of Punjab and Uttar Pradesh and the Union Territories of Delhi and Himachal Pradesh and the State of Jammu & Kashmir in relation to Industrial disputes concerning workmen employed under the Government of India.
18	Assistant Labour Commissioner, (Verification), Kanpur.	
19	Assistant Labour Commissioner, Delhi-I.	
20	Assistant Labour Commissioner, Delhi-II.	
21	Assistant Labour Commissioner, Jabalpur-I.	The States of Madhya Pradesh and Rajasthan.
22	Assistant Labour Commissioner, Jabalpur-II.	
23	Assistant Labour Commissioner, Ajmer.	
24	Assistant Labour Commissioner, Bombay-I.	The States of Gujarat and Maharashtra and the Union Territory of Goa, Daman and Diu.
25	Assistant Labour Commissioner, Bombay-II.	
26	Assistant Labour Commissioner, (Verification), Bombay.	
27	Assistant Labour Commissioner, Nagpur.	
28	Assistant Labour Commissioner, Vasco-da-Gama.	
29	Assistant Labour Commissioner, Madras.	The States of Madras and Kerala and the Union Territory of Pondicherry.
30	Assistant Labour Commissioner (Verification), Madras.	
31	Assistant Labour Commissioner, Ernakulam.	
32	Assistant Labour Commissioner, Vasakhapatnam.	The States of Andhra Pradesh and Mysore.
33	Assistant Labour Commissioner, Hyderabad—I.	
34	Assistant Labour Commissioner, Hyderabad—II.	
35	Assistant Labour Commissioner, Bangalore.	
36	Assistant Labour Commissioner, Calcutta—I.	The States of West Bengal, Assam, Orissa and Nagaland and the Union Territories of Manipur and Tripura.
37	Assistant Labour Commissioner, Calcutta—II.	
38	Assistant Labour Commissioner (Verification, Calcutta.	
39	Assistant Labour Commissioner, Shillong	
40	Assistant Labour Commissioner, Raniganj.	
41	Assistant Labour Commissioner, Asansol.	
42	Assistant Labour Commissioner, Jharsugudah.	
43	Assistant Labour Commissioner, Calcutta (Headquarters).	
44	Assistant Labour Commissioner, Dhanbad—I.	The State of Bihar.
45	Assistant Labour Commissioner, Dhanbad—II.	
46	Assistant Labour Commissioner, Dhanbad (Headquarters).	
47	Assistant Labour Commissioner (Verification), Dhanbad.	
48	Assistant Labour Commissioner, Hazaribagh.	

[No. 1/64/65-LR-I]

S.O. 3110.—In exercise of the powers conferred by section 4 of the Industrial Disputes Act, 1947 (14 of 1947), and in supersession of the notification of the Government of India in the Ministry of Labour and Employment No. S.O. 716, dated the 21st March, 1961 and No. S.O. 1467, dated the 16th June, 1961 the Central Government hereby appoints each of the officers mentioned in column 2 of the Table annexed hereto as a conciliation officer for—

(*i*) all industries carried on by or under the authority of the Central Government ;

(*ii*) all controlled industries specified by the Central Government under sub-clause (*i*) of clause (*a*) of section 2 of the Industrial Disputes Act, 1947 ;

(*iii*) all banking companies and insurance companies ; and

(*iv*) all mines, oil fields and major ports in the area specified in the corresponding entry in column 3 of the said Table.

THE TABLE

Serial No.	Designation of Officers	Territorial jurisdiction
1	2	3
1	Labour Enforcement Officer, Gudur.	The State of Andhra Pradesh
2	Labour Enforcement Officer, Kothagudiam.	
3	Labour Enforcement Officer, Dibrugarh.	The State of Assam.
4	Labour Enforcement Officer, Domchanch.	The State of Bihar.
5	Labour Enforcement Officer, Ramgarh.	
6	Labour Enforcement Officer, Ranchi.	
7	Labour Enforcement Officer, Pakur.	
8	Labour Enforcement Officer, Chaibasa.	
9	Labour Enforcement Officer, Patna.	
10	Labour Enforcement Officer, Rajkot.	The State of Gujarat.
11	Labour Enforcement Officer, Balaghat.	The State of Madhya Pradesh.
12	Labour Enforcement Officer, Chirimiri.	
13	Labour Enforcement Officer, Parasia.	
14	Labour Enforcement Officer, Raipur.	The State of Madhya Pradesh.
15	Labour Enforcement Officer, Jabalpur.	
16	Labour Enforcement Officer, Nagpur—	The State of Maharashtra.
17	Labour Enforcement Officer, Poona.	
18	Labour Enforcement Officer, Trivandrum.	The State of Kerala.
19	Labour Enforcement Officer, Kolar Gold Fields.	The State of Mysore.
20	Labour Enforcement Officer, Hubli.	
21	Labour Enforcement Officer, Barbil.	The State of Orissa.
22	Labour Enforcement Officer, Cuttack.	
23	Labour Enforcement Officer, Ambala.	The State of Punjab.
24	Labour Enforcement Officer, Ajmer.	The State of Rajasthan
25	Labour Enforcement Officer, Bikaner.	
26	Labour Enforcement Officer, Neamatpur.	The State of West Bengal.

[No. 1/64/65-LRI]

S.O. 3111.—In pursuance of sub-section (3) of section 22 of the Industrial Disputes Act, 1947 (14 of 1947), and in supersession of the notification of the Government of India in the Ministry of Labour and Employment No. S.O. 1289, dated the 2nd April, 1964, the Central Government hereby specifies each of the officers mentioned in column 2 of the Table hereto annexed as the authority for the respective area mentioned in the corresponding entries in column 3 thereof to whom intimation by the employer of any lock-out or strike referred to in the said sub-section shall be sent.

THE TABLE

Sl. No.	Designation of Officer	Territorial jurisidiction
1	2	3
1	Assistant Labour Commissioner, Kanpur	The State of Uttar Pradesh.

1	2	3
2	Assistant Labour Commissioner, Delhi-I	The State of Punjab and the Union Territories of Delhi and Himachal Pradesh and the State of Jammu & Kashmir in relation to industrial disputes concerning workmen employed under the Government of India.
3	Assistant Labour Commissioner, Delhi-II	
4	Assistant Labour Commissioner, Jabalpur.	The State of Madhya Pradesh.
5	Assistant Labour Commissioner, Ajmer.	The State of Rajasthan.
6	Assistant Labour Commissioner, Bombay-I	The State of Maharashtra and Gujarat.
7	Asssistant Labour Commissioner, Nagpur.	The State of Maharashtra.
8	Assistant Labour Commissioner, Vasco-da-Gama.	The Union territory of Goa, Daman and Diui-
9	Assistant Labour Commissioner, Madras-I.	The State of Madras and the Union Terr. tory of Pondicherry.
10	Assistant Labour Commissoner Ernakulam.	The State of Kerala.
11	Assistant Labour Commissioner, Hyderabad.	The State of Andhra Pradesh.
12	Assistant Labour Commissioner, Visakhapatnam.	
13	Assistant Labour Commissioner, Bangalore.	The State of Mysore.
14	Assistant Labour Commissioner, Calcutta—1.	The State of West Bengal.
15	Assistant Labour Commissioner, Asansol.	
16	Assistant Labour Commissioner, Shillong.	The States of Assam and Nagaland and Union Territories of Tripura and Manipur.
17	Assistant Labour Commissioner, Jharsuguda.	The State of Orissa.
18	Assistant Labour Commissioner, Dhanbad.	The State of Bihar.
19	Assistant Labour Commissioner, Hazaribagh.	

[No. F. 1/64/65-LRI]

S.O. 3112.—In exercise of the powers conferred by section 4 of the Industrial Disputes Act, 1947 (14 of 1947) read with the notification of the Government of Andhra Pradesh under article 258A of the Constitution, delegating its powers under the Industrial Disputes Act, 1947, in relation to the disputes between the employers and employees of the Power Houses of the Singareni Collieries Limited, Kothagudium, to the Central Government, and in supersession of the notification of the Government of India in the Ministry of Labour and Employment No. S.O. 1973, dated the 29th May, 1964, the Central Government hereby appoints each of the officers mentioned below as conciliation officer for the said Power Houses:—

1. The Chief Labour Commissioner (Central), New Delhi.
2. The Deputy Chief Labour Commissioner (Central), New Delhi.
3. The Deputy Chief Labour Commissioner (Central), (Training), New Delhi.
4. Regional Labour Commissioner (Cenrtal), (Verification), New Delhi.
5. Welfare Adviser to the Chief Labour Commissioner (Central), New Delhi.
6. Regional Labour Commissioner (Central), Hyderabad.
7. Assistant Labour Commissioner, Hyderabad.
8. Assistant Labour Commissioner, Visakhapatnam.
9. Assistant Labour Commissioner, Bangalore.

[No. 1/64/65-L.R.-I.]

ORDERS

New Delhi, the 25th September 1965

S.O. 3113.—Whereas the Central Government is of opinion that an industrial dispute exists between the employers in relation to the Pure Jambad Colliery, P.O. Bahula, District Burdwan and their workmen in respect of the matters specified in the Schedule hereto annexed;

And, whereas the Central Government considers it desirable to refer the said dispute for adjudication;

Now, therefore, in exercise of the powers conferred by clause (d) of sub-section (1) of section 10 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby refers the said dispute for adjudication to the Industrial Tribunal Dhanbad, constituted under section 7A of the said Act.

SCHEDULE

Whether the action of the management of Pure Jambad Colliery in dismissing Shri Satyadeo Dubey from service with effect from the 28th October, 1964, was justified? If not, to what relief is the workman entitled?

[No. 6/97/65/LRII.]

S.O. 3114.—Whereas the Central Government is of opinion that an industrial dispute exists between the employers in relation to Messrs Orissa Minerals Development Company Limited, Nalda, P.O. Barbil, District Keonjhar and their workmen in respect of the matters specified in the Schedule hereto annexed;

And whereas the Central Government considers it desirable to refer the said dispute for adjudication;

Now, therefore, in exercise of the powers conferred by clause (d) of sub-section (1) of section 10 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby refers the said dispute for adjudication to the Industrial Tribunal, Dhanbad, constituted under section 7A of the said Act.

SCHEDULE

Whether the demands of the workmen of Messrs Orissa Minerals Development Company Limited, Nalda, P.O. Barbil, District Keonjhar (Orissa), detailed below, are justified? If so, to what relief are the workmen concerned entitled and from which date?

(i) The benefits of the revised interim recommendations of the Central Wage Board for Iron Ore Mining Industry published in the Gazette of India with the resolution and order of the Central Government each bearing No. WB-2(6)/64(i), dated, the 3rd September, 1964 should be extended to Sarvashri B. Das and J. K. Behera, Foremen.

(ii) Sarvashri N. K. Chakravarty, G. B. Das, N. K. Gagrai and M. A. Khan, Clerk 'Cs' should be given the grade of Clerk 'B' *viz.* 80—6—140—EB. and be fixed suitably in that grade.

(iii) Sarvashri Sadasiva Behera and other Car/Truck Drivers who are senior to Sarvashri G. B. Singh and Amrit Mahato should be promoted to the post of Dumper Driver in the scale of Rs. 100—6—160—EB—8—200 and be suitably fixed in that grade.

(iv) Shri Sukra Nag, Sardar 'B' should be given the grade of Sardar 'A' *viz.*, 75—7½—150 and be suitably fixed in that grade with effect from the 1st January, 1965.

(v) Shri Chintamoni Biswal, Ambulance Van Driver should be supplied with uniforms.

[No. 37/35/65/LRI.]

New Delhi, the 28th September 1965

S.O. 3115.—Whereas the Central Government is of opinion that an industrial dispute exists between the employers in relation to the Punjab National Bank Limited and their workmen in respect of the matter specified in the Schedule hereto annexed;

And, whereas the Central Government considers it desirable to refer the said dispute for adjudication;

Now, therefore, in exercise of the powers conferred by section 7A and clause (d) of sub-section (1) of section 10 of the Industrial Disputes Act 1947 (14 of 1947), the Central Government hereby constitutes an Industrial Tribunal of which Shri J. S. Ranawat shall be the Presiding Officer, with headquarters at Jaipur and refers the said dispute for adjudication to the said Tribunal.

SCHEDULE

Whether having regard to the directions contained in the Award dated 7th June, 1962 of the National Industrial Tribunal (Bank Disputes), Bombay published with the Notification of the Government of India in the Ministry of Labour and Employment as No. S.O. 2028, dated 13th June, 1962, Sri Chandradeo Khattar an employee of the Sangaria branch of the Punjab National Bank Ltd., is entitled to any special allowance during the period from the 28th January, 1962 to the 16th October, 1964 on such holidays which were prefixed or suffixed to the leave availed of by the permanent Superviser against whose post Sri Khattar officiated in the leave arrangement? If so, to what relief is he entitled?

[No. F.51(43)/65-LRIV.]

S.O. 3116.—Whereas the Central Government is of opinion that an industrial dispute exists between the employers in relation to the East Satgram Colliery (P.O. J. K. Nagar, District Burdwan, West Bengal) and their workmen in respect of the matters specified in the Schedule hereto annexed;

And, whereas the Central Government considers it desirable to refer the said dispute for adjudication;

Now, therefore, in exercise of the powers conferred by clause (d) of sub-section (1) of section 10 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby refers the said dispute for adjudication to the Industrial Tribunal Dhanbad, constituted under section 7A of the said Act.

SCHEDULE

Whether the action the management of East Satgram Colliery in transferring Shri Ramji Singh, Overman to North Brook Colliery is an act of victimisation? If so, to what relief is the workman entitled?

[No. 6/26/65-LRII.]

H. C. MANGHANI, Under Secy.

New Delhi, the 25th September 1965

S.O. 3117.—In exercise of the powers conferred by sub-section (1) of section 4 of the Dock Workers (Regulation of Employment) Act, 1948, the Central Government hereby makes the following further amendments in the Calcutta Dock Workers (Regulation of Employment) Scheme, 1956, the same having been previously published as required by the said sub-section, namely:—

1. This Scheme may be called the Calcutta Dock Workers (Regulation of Employment) Amendment Scheme, 1965.

2. In the Calcutta Dock Workers (Regulation of Employment) Scheme, 1956, (hereinafter referred to as the said scheme), in clause 11, after item (j) the following item shall be inserted, namely:—

"(jj) authorising the employment of unregistered workers in case registered dock workers are not available for work in the reserve pool or in such other circumstances as the Chairman may approve."

3. In clause 39 of the said scheme, for sub-clause (2) the following sub-clause shall be substituted namely:—

"(2) Notwithstanding the foregoing provisions of this clause;—

(a) the Administrative Body may authorise the employment of unregistered workers in case registered dock workers are not available for work in the reserve pool or in such other circumstances, as the Chairman may approve.

(b) in the case referred to in item (a) the person so employed as aforesaid by a registered employer shall, for the purposes of clause 38(4), (5) and (6) and clauses 41 and 42 be treated in respect of that dock worker as if he were a daily worker."

[No. 522/26/65/Fac.]

S.O. 3118.—In exercise of the powers conferred by sub-section (1) of section 4 of the Dock Workers (Regulation of Employment) Act, 1948 (9 of 1948), the Central Government hereby makes the following further amendment in the Calcutta Unregistered Dock Workers (Regulation of Employment) Scheme, 1957, the same having been previously published as required by the said sub-section, namely:—

1. This Scheme may be called the Calcutta Unregistered Dock Workers (Regulation of Employment) Amendment Scheme, 1965.

2. In the Calcutta Unregistered Dock Workers (Regulation of Employment) Scheme, 1957, (hereinafter referred to as the said Scheme), in clause 4, after item (g), the following item shall be inserted, namely:—

"(h) permitting the listing of dock workers on a temporary basis in the first instance through the local Employment Exchange or where the local Employment Exchange is unable to assist in the listing of such workers, from outside for such periods as the Board may specify."

3. In clause 9 of the said Scheme, after sub-clause (4), the following clause shall be inserted, namely:—

"(5) Without prejudice to the provisions contained in sub-clause (c) of clause 6A, the Board may also from time to time permit the listing of dock workers on a temporary basis in the first instance through the local Employment Exchange or where the local Employment Exchange is unable to assist in the listing of such workers, from outside for such periods as the Board may specify."

[No. 529/41/65/Fac.]

New Delhi, the 27th September 1965

S.O. 3119.—In exercise of the powers conferred by sub-section (1) of section 6 of the Dock Workers (Regulation of Employment) Act, 1948 (9 of 1948), the Central Government hereby appoints the Assistant Labour Commissioner at Vasco-da-Gama, to be Inspector at the Port of Mormugao.

[No. 550/16/65-Fac.]

K. D. HAJELA, Under Secy.

MINISTRY OF HEALTH

New Delhi, the 30th September 1965

S.O. 3120.—Whereas the Central Government, have, in pursuance of the provisions of clause (a) of sub-section (1) of section 3 of the Indian Medical Council Act, 1956 (102 of 1956), nominated, in consultation with the Government of Gujarat Dr. T. B. Patel, Director of Health and Medical Services (Medical), New Civil Hospital, Ward D-Ground Floor, Asarwa, Ahmedabad-16, to be a member of the Medical Council of India with effect from the 26th August, 1965;

Now, therefore, in exercise of the powers conferred by sub-section (1) of section 3 of the said Act, the Central Government hereby directs that Dr. T. B. Patel who is a member of the Medical Council of India constituted under the notification of the Government of India in the Ministry of Health No. F.5-13/59-MI, dated the 9th January, 1960, and appearing against serial No. 14 under the heading "Nominated under clause (a) of sub-section (1) of section 3" shall, having been re-nominated, continue to be the member of the Medical Council of India for a further period of five years with effect from the 26th August, 1965 or until his successor is nominated, whichever is longer.

[No. F.4-10/64-MPT]

ORDER

New Delhi, the 30th September 1965

S.O. 3121.—Whereas the Government of India in the Ministry of Health has, by notification No. 16-40/61-MI, dated the 26th July, 1962, made in exercise of the powers conferred by sub-section (1) of section 14 of the Indian Medical

Council Act, 1956 (102 of 1956), recognised the medical qualification M.D. (University of Turin, Italy *i.e.* "Laurea in Medicine Chirurgia") for the purposes of the said Act;

Now therefore, in exercise of the powers conferred by the proviso to sub-section (1) of section 14 of the Indian Medical Council Act, 1956 (102 of 1956) the Central Government hereby specifies a further period of two years with effect from the 26th July, 1964 or so long as Dr. Raffaella Scolletta who possesses the said qualification, continues to work in the Fatima Clinic, Mahanagar, Lucknow to which she is attached for the time being for the purposes of teaching, research or charitable work, whichever is shorter, as the period to which the medical practice of the said Dr. Raffaella Scolletta shall be limited.

[No. F.18-39/65-MPT.]

B. B. L. BHARADWAJ, Under Secy.

DEPARTMENT OF SOCIAL SECURITY

New Delhi, the 28th September 1965

S.O. 3122.—In exercise of the powers conferred by sub-section (1) of section 13 of the Employees Provident Funds Act, 1952 (19 of 1952), the Central Government hereby appoints Shri M. N. Tamhan to be an Inspector for the whole of the State of Madhya Pradesh for the purposes of the said Act and the Scheme framed thereunder, in relation to all establishments belonging to or under the control of the Central Government and in relation to establishments connected with a railway company, a mine or an oil-field, or a controlled industry.

[No. 20(70)64-PF-I.]

S.O. 3123.—In pursuance of clause (c) of sub-paragraph (1) of paragraph 4 of the Employees' Provident Funds Scheme, 1952, the Central Government hereby appoints the Chairman of the Employers' Federation of Southern India as a member of the Regional Committee for the State of Madras and in pursuance of the said paragraph directs that the following further amendments be made in the notification of the Government of India in the late Ministry of Labour No. S.R.O. 3381 dated the 2nd November, 1954, namely:—

In the said notification—

(i) in entry (6) for "Shri A.E.L. Collins, Ashok Leyland Limited, 377, Netaji Subhas Chandra Bose Road, Madras", the following shall be substituted, namely:—

"The Chairman,

The Employers' Federation of Southern India,
Dare House, North Beach Road, Madras-1."

(ii) for entry (10), the following entries shall be substituted, namely:—

"(10) Shri M. V. Arunachalam, Messrs Carborundum Universals Limited, 52/53, Jehangir Street, Madras.	Non-official members of the Central Board of Trustees ordinarily resident in the State."
(11) Shri K. T. K. Tangamani, Secretary, All India Trade Union Congress, Pudunagar Colony, Tirumangalam, Madurai District Madras.	

[No. 12/8/64-PF-II.]

S.O. 3124.—In exercise of the powers conferred by sub-section (1) of section 13 of the Employees' Provident Funds Act, 1952 (19 of 1952), the Central Government hereby appoints Shri A. S. Ishi to be an Inspector for the whole of the State of Maharashtra for the purposes of the said Act and of Schemes framed thereunder, in relation to all establishments belonging to or under the control of the Central Government and in relation to establishments connected with a railway company, a major port, a mine or an oil-field or a controlled industry.

[No. 20(65)/64-PF-I.]

S.O. 3125.—In exercise of the powers conferred by sub-section (1), of section 13 of the Employees' Provident Funds Act, 1952 (19 of 1952), the Central Government hereby appoints Shri Jagat Bandhu Barman to be an Inspector, for the whole of the State of West Bengal and the Union territories of Tripura and the Andaman and Nicobar Islands, for the purposes of the said Act and of the Scheme framed thereunder, in relation to establishments belonging to, or under the control of the Central Government, and in relation to establishments connected with a railway company, a major port, a mine or an oilfield or a controlled industry.

[No. 20(71)/64-PF-I.]

S.O. 3126.—In exercise of the powers conferred by section 87 of the Employees State Insurance Act, 1948 (34 of 1948), the Central Government hereby exempts the Indian Refineries Ltd., Gauhati, from all the provisions of the said Act except Chapter VA, for a further period upto and inclusive of the 22nd March, 1966.

[No. F.6/16/65-HI.]

New Delhi, the 29th September 1965

S.O. 3127.—In exercise of the powers conferred by sub-section (3) of section 1 of the Employees' State Insurance Act, 1948 (34 of 1948), the Central Government hereby appoints the 3rd day of October, 1965, as the date on which the provisions of Chapter IV (except sections 44 and 45 which have already been brought into force) and Chapters V and VI [except sub-section (1) of section 76 and sections 77, 78, 79 and 81 which have already been brought into force] of the said Act shall come into force in the following areas of the State of Mysore, namely:—

1. Area within the limits of the City Municipality of Davangere in Chitradurga District.

2. Areas within the limits of the following revenue villages of Davangere Taluk in Chitradurga District:—

Name of village	*Sl. No. of the village*
Anekonda	3
Averagere	14
Chikkanahalli	5
Nittuvalli	4

[No. F. 13(29)/65-HI.]

DALJIT SINGH, Under Secy.

MINISTRY OF PETROLEUM & CHEMICALS

New Delhi, the 27th September 1965

S.O. 3128.—Whereas by a notification of the Government of India in the Ministry of Petroleum and Chemicals S.O. No. 2047 dated the 29th June, 1965 under sub-section (1) of Section 3 of the Petroleum Pipelines (Acquisition of Right of User in Land) Act, 1962 (50 of 1962), the Central Government declared its intention to acquire the right of user in the lands specified in the Schedule appended to that notification for the purpose of laying pipelines;

And, whereas, the Competent Authority has, under sub-section (i) of section 6 of the said Act, submitted report to the Government;

And, whereas, the Central Government has, after considering the said report, decided to acquire the right of user in lands specified in the Schedule appended to this notification;

Now, therefore, in exercise of the powers conferred by sub-section (i) of Section 6 of the said Act, the Central Government hereby declares that the right of user in the said lands specified in the schedule appended to this notification

is hereby acquired for laying the pipelines and in exercise of the powers conferred by sub-section (4) of that Section, the Central Government directs that the right of user in the said lands, shall instead of vesting in the Central Government, vest on the date of publication of this declaration in the Indian Oil Corporation Limited free from all encumbrances.

SCHEDULE

State—West Bengal Dist.—Burdwan Thana—Burdwan

Village	Survey Nos. (Plot nos.)	Extent (Area)
PUTUNDA, J.L. 154	2158	·15
	2159	·10
DANGACHHA, J.L. 73	196	·01

[No. 31(33)/63-ONG/16.]

S.O. 3129.—Whereas by a notification of the Government of India in the Ministry of Petroleum and Chemicals S.O. No. 2480 dated the 28th July, 1965, under sub-section (1) of Section 3 of the Petroleum Pipelines (Acquisition of Right of User in Land) Act, 1962 (50 of 1962), the Central Government declared its intention to acquire the right of user in the lands specified in the Schedule appended to that notification for the purpose of laying pipelines;

And, whereas, the Competent Authority has, under sub-section (i) of section 6 of the said Act, submitted report to the Government;

And, whereas, the Central Government has, after considering the said report, decided to acquire the right of user in lands specified in the Schedule appended to this notification;

Now, therefore, in exercise of the powers conferred by sub-section (i) of Section 6 of the said Act, the Central Government hereby declares that the right of user in the said lands specified in the schedule appended to this notification is hereby acquired for laying the pipelines and in exercise of the powers conferred by sub-section (4) of that Section, the Central Government directs that the right of user in the said lands, shall instead of vesting in the Central Government, vest on the date of publication of this declaration in the Indian Oil Corporation Limited free from all encumbrances.

SCHEDULE

State—West Bengal Dist—Burdwan Thana—Ausgram

Village	Survey Nos. (Plot Nos.)	Extent (Area)
PONDALI, J.L. 77	1120	·03
	1123	·14
	1124	·16
	1136	·07
KO-TACHANDIPUR, J. L. 80	1754	·24
SONAI, J.L. 73	2409	·02

[No. 31(33)/63-ONG/Vol.19.]

CORRIGENDA

New Delhi, the 28th September 1965

No. 3130.—In the Schedule to the notification of Government of India in the Ministry of Petroleum and Chemicals S.O. No. 2028 dated the 8th June, 1965

published in the Gazette of India Part II section 3, sub-section (ii) dated the 26th June, 1965

At page 2236

For "survey No. 583" read "survey No. 483" of Village KUKRI.

B.B.B. B.B.B.

For "extent 0-1-2" *read* "0-1-0" against survey No. 597 of Village Tikri.

For "survey No. 169" *read* "survey No. 469" of Village UMARPUR KALAN.

[No. 31(50)/63-ONG/Vol. 8].

S.O. 3131.—In the schedule to the notification of Government of India in the Ministry of Petroleum and Chemicals S.O. 2332 dated the 14th July, 1965 published in the Gazette of India Part II section 3 sub-section (ii) dated the 24th July, 1965.

At page 2577

B.B.B.

For "Survey No. 418" read "Survey No. 118" and for "extent 0-1-0" read B.B.B.

"extent 0-1-6" against survey No. 128/2 in Village Barauin.

[No. 31(50)/63-ONG-Vol.3.]

C. P. JACOB, Under Secy.

MINISTRY OF EDUCATION

New Delhi, the 25th September 1965

S.O. 3132.—In exercise of the powers conferred by section 11 of the Copyright Act, 1957 (14 of 1957), the Central Government hereby appoint Shri S. H. Belavadi, Secretary, Maharashtra Legislative Assembly and Council, as a member of the Copyright Board.

Shri Belavadi shall hold office upto 31st July, 1968.

[No. F.4(3)/64-C.O.]

T. S. KRISHNAMURTI, Dy. Secy.

शिक्षा मंत्रालय

अधिसूचना

नई दिल्ली, 25 सितम्बर 1965

एस०ओ० 3133.—प्रतिलिप्यधिकारी अधिनियम 1957 (1957 का 14वां) की धारा 11 द्वारा प्रदत्त अधिकारों का प्रयोग करते हुये, केन्द्रीय सरकार एतद् द्वारा श्री एस० एच० बेलावदी, सचिव, महाराष्ट्र विधान-सभा तथा परिषद, को कापी-राइट बोर्ड के सदस्य के रूप में नियुक्त करती है।

श्री बेलावदी 31 जुलाई, 1968 तक पद धारण करेंगे।

[स० एफ० 4(3)/'64—कापी राइट.]

टी० एस० कृष्णामूर्ति,

उप-सचिव.

New Delhi, the 29th September 1965

S.O 3134.—In exercise of the powers conferred by sub-rule (2) of rule 11, clause (b) of sub-rule (2) of rule 14 and sub-rule (1) of rule 23 of the Central Civil Services (Classification Control and Appeal) Rules, 1957, the President hereby makes the following further amendments

in the notification of the Government of India in the Ministry of Education, No. S.O. (2590) dated the 10th October, 1960, namely:—

In the Schedule to the said notification—

(1) in part I, General Central Service, Class II, after the existing entries, the following entries shall be inserted, namely:—

1	2	3	4
"National Discipline Scheme Directorate, New Delhi.			
All posts	Director General, National Discipline Scheme Directorate.	Director General, National Discipline Scheme Directorate.	All"

(2) in part II, General Central Service, Class III, after the existing entries the following entries shall be inserted, namely:—..

1	2	3	4	5
"National Discipline Scheme Directorate, New Delhi.				
All posts	Director, National Discipline Scheme Directorate.	Director, National Discipline Scheme Directorate.	A	Director General National Discipline Scheme Directorate."

(3) in part III, General Central Service, Class IV, after the existing entries, the following entries shall be inserted, namely:—

1	2	3	4	5
"National Discipline Scheme Directorate, New Delhi.				
All posts	Director, National Discipline Scheme Directorate.	Director, National Discipline Scheme Directorate.	All	Director General National Discipline Scheme Directorate."

[No. F. 3(47)/65-NDS]

R. L. ANAND, Under Secy.

MINISTRY OF FINANCE

(Department of Economic Affairs)

New Delhi, the 23rd September 1965

REPORT OF THE CENTRAL BOARD OF DIRECTORS OF THE RESERVE BANK OF INDIA

For the year July 1, 1964—June 30, 1965

S.O. 3135.—In accordance with section 53(2) of the Reserve Bank of India Act, 1934, the Central Board of Directors has submitted to the Government of India the following report on the working and accounts of the Bank for the year ended June 30, 1965—

I. MAJOR ECONOMIC DEVELOPMENTS

The period July 1964—June 1965 has been one of the most difficult experienced by the Indian economy in recent years. Internally, with rapidly increasing population, the problem of inadequate supplies of food articles created by the stagnation in agricultural output during the two years 1961-63 was aggravated further in the

early part of the year as once again foodgrains output during 1963-64 failed to show any radical improvement. On the other hand, the pressures emanating from the demand side through the rising tempo of development, and high levels of expenditures on defence, and relief and rehabilitation of refugees continued with the result that the price situation, especially in respect of articles of mass consumption, deteriorated sharply during the first half of the period. Though the harvest during the period under review has shown good improvement, market arrivals have not been adequate to make a significant impact on the price situation which has been a source of anxiety throughout. Meanwhile industrial production, though still expanding, showed a deceleration while capital markets remained depressed.

2. Liquidity in the economy continued to expand though at a slightly reduced rate. It is also significant that the rate of accretion of bank deposits has increased. As fiscal resources grew there was less need for the Government to finance its deficits through the banking system. On the other hand, the requirement of the rest of the economy for bank finance increased as shown by the record expansion of scheduled bank credit during the busy season of 1964-65 and the slow pace of credit contraction during the current slack season. There is, however, a steadily growing potential in the banking system to expand credit because of a high rate of deposit growth.

3. Externally, the balance of payments situation deteriorated sharply as exports, which earlier had held out hopes of improvement, could not maintain the required tempo while payments for imports and debt repayments mounted up rapidly. While the trade gap widened in relation to the East European countries as well as the rest of the world, the imbalance was much greater in respect of the latter. This put a severe strain on the country's foreign exchange reserves which were exiguous already and needed immediate assistance.

4. A series of measures were taken by the authorities to meet these difficulties. These included measures to stimulate, through greater reliance on the price mechanism, agricultural and industrial production, augment supplies and improve the machinery for internal distribution of essential articles of consumption. The use of fiscal policy in a positive manner to stimulate production was extended further. In addition, inflationary pressures were sought to be checked through restraint on Government spending. The process of bringing about an orderly and realistic interest rate structure was carried further during the year and emphasis was placed on the cost of credit available from the Reserve Bank to the commercial banks for curbing monetary expansion. As the capital markets continued to be subdued, Government took measures to widen the institutional framework for provision of long-term finance. Incentives by way of tax credit certificates were offered by the Government for encouraging investments in new equity capital. A lowering of taxation at all levels of personal incomes and some relief in corporate taxation were provided in the 1965-66 budget to promote larger savings and investment in the private sector of the economy. In the external sector, besides restraining the flow of imports, tightening exchange control and resorting to a stand-by credit of $200 million from the International Monetary Fund, it was necessary to release Rs. 16 crores worth of the foreign exchange assets of the Reserve Bank of India by transferring an equivalent amount of gold from the Government's stocks to the assets of the Reserve Bank of India in the Issue Department.

The Price and Output Situation:

5. The upsurge in prices which commenced in December 1963 gathered considerable momentum during the lean season of 1964 and during the three months July—September prices rose by nearly 8.2 per cent. The peak of 161.1 (*base*: 1952-53=100) was reached early in January 1965. Thereafter, though with prospects of a significant rise in agricultural output during the year the price level declined till March 1965, prices resumed their upward trend usual during the lean season. Over the accounting year, the general index of wholesale prices showed a 'net' rise of 7.0 per cent to 158.3, which being superimposed on a rise of 9.6 per cent in the preceding year, has given rise to considerable strains in the economy. The upward trend has continued subsequently and the index number touched 166.4 on August 7, 1965. Industrial costs have gone up both because of wage increases and increases in prices of industrial raw materials. The price rise has also meant severe hardships to the weaker sections of the community as it was mainly the prices of articles of mass consumption which showed a steep rise. Thus, the All-India Consumer Price Index for working class (*base*: 1949=100) rose by 8.7 per cent to 163 between July 1964 and June 1965 on top of a rise of 11.9 per cent to 150 between July—June 1964.

6. All the major constituents of the index showed increases though in varying degree. Thus food articles over the accounting year showed an increase of 4.0 per cent, industrial raw materials of 14.8 per cent and manufactures of 8.6 per cent.

7. The comparatively small increase in prices of food articles over the year July 1964—June 1965 is the resultant of three rather sharp movements. To begin with, prices rose by as much as 11.0 per cent during July—September 1964. The seasonal factors began to operate thereafter; in a somewhat hesitating manner at first, but after the first week of January the downtrend became pronounced and lasted till the third week of March 1965 by which time prices of food articles came down by 10.3 per cent. Since then, however, they have begun to rise and till August 7 the increase was 14.1 per cent.

8. The sharp increase in the early part of the period under review was the culmination of an increasing trend engendered by successive short-falls in production over a period of three years and the associated speculative effects. Apparantly these speculative effects persisted during this period even though *kharif* production of foodgrains, particularly rice was reported to be good. Zonal restrictions on movement of rice and wheat on private account, restrictions on export of coarse grains, imposition of levy at statutory prices and monopoly procurement in some States tended to moderate price increases in some areas while intensifying them in others. Substantial drawings had to be made on Government stocks and imports of foodgrains had to be arranged on an emergency basis in order to provide food in deficit areas of the country. It was only when the *kharif* crop came in the market that prices of rice began to decline. However, the rising trend has reasserted itself and the large increase mentioned is a source of anxiety.

9. The outturn of the 1964-65 crop has been good. The production of foodgrains has been estimated at 87.2 million tonnes and represents an increase of about 10 per cent over the preceding year. Groundnut and sugarcane also are expected to show good improvement. On the other hand, the production of raw jute and mesta declined by about 5 per cent. Raw cotton output is also likely to be somewhat lower. Prices of most agricultural commodities have continued to remain at high levels, even in cases where the production was reported to have been higher and they have even increased in some cases.

10. The increase in prices of industrial raw materials again is largely in respect of commodities of agricultural origin such as raw jute, raw cotton and oilseeds and is due mainly to the failure of production of these raw materials to keep pace with the rising demand for manufactured goods made from them. In the result, both exports and internal consumption have been adversely affected, the impact on exports being particularly serious in view of the difficult foreign exchange situation. Mineral prices which ruled more or less steady during the first half of the year rose sharply by mid-December 1964. The group 'manufactures' which had shown a relatively modest increase in the first three years of the Third Plan witnessed a steep rise of 8.6 per cent, attributable to the rise in costs on account of raw materials, fuel, power, transport and wages.

11. During the financial year 1964-65, industrial production showed a deceleration, the index rising by only 6.4 per cent as compared to the rise of 9.1 per cent in 1963-64. This slower rate of growth was mainly due to the decline in output of coal, chemicals and chemical products and lower rates of growth in most of the basic and intermediate goods industries. As compared to the previous year, the rate of growth in industrial output has been lower throughout the year except in June, September and February. As a result, the average annual rate of growth for the four years of the Third Plan worked out to 7.6 per cent as against the target of an annual increase of 11 per cent envisaged for the Third Plan period. Shortages of components and raw materials following the difficult foreign exchange situation, which hampered full utilisation of capacity in some engineering, chemical and other industries appear to be responsible for the deceleration. In certain major industries such as steel, cement, aluminium and jute textiles the slowing down is attributable to the fact that full utilisation of the capacity established earlier was reached while setting up of new capacity was delayed. The performance of consumer goods industries was relatively encouraging. Production of sewing machines, electric fans, sugar and tea showed significant increases as against declines last year. Among textiles, while the rate of increase in output of silk textiles and synthetic fibres increased further, that of cotton textiles declined, mainly due to the slowing down of the rate of growth in decentralised sector. Production in the mill sector, however, rose at a much faster rate this year than in 1963-64, the increase being facilitated by greater availability of raw cotton, increased utilisation of capacity and the progress made in the installation of automatic looms. The cotton textile industry, however, has been passing through a somewhat difficult phase with a fall in domestic offtake and accumulation of stocks with mills. There was a fall in production of woollen textiles mainly due to normalisation of defence demands and reduction in import allocations for wool tops.

12. As regards the future prospects of industrial production, much depends upon the coming into being of new capacity in many important industries as well as increased availability of raw materials and components. To the extent indigenous production of these increases it would cease to be a major impediment to growth in industries. Improvement in agricultural supplies is a key factor in the situation as it would not only increase supplies of raw materials to industries dependent on agricultural commodities but also have a favourable impact on prices and costs. On the other hand, continued pressure on industrial costs resulting from increasing wage bills and rising prices of industrial raw materials are bound to have an adverse impact on the profitability of industrial investment and thereby jeopardise future growth of industry. A more rapid growth in industrial output than the rather disappointing rate of increase of 6.4 per cent recorded in the last fiscal year is imperative. Policies have to be adopted to attain this objective consistent with the broader fiscal and monetary goals of a growth-oriented economy.

13. Price policy over the past few years has been concerned mainly with restraining the rise in prices of essential articles of mass consumption through changes in distributional arrangements, selective credit control and imports. The developments in the price situation, particularly those during the early part of the accounting year, required more intensified action on the same lines. The appearance of conditions of extreme scarcity in several areas necessitated much larger use of imported foodgrains than hitherto. Imports of foodgrains were 6.3 million tonnes in 1964 as against 4.6 million tonnes in 1963 and a further step-up in the import programme is envisaged for 1965. Rationing, statutory or informal, was extended further so as to cover more urban areas.

14. From a long term point of view to stimulate production price policy underwent changes of a more basic nature during the year. For the first time, guaranteed minimum support prices worked out in a systematic manner were announced for the important staples amongst foodgrains. The support prices of rice were higher than the average prices received by the producer in the post-harvest period during the past three seasons, but were generally lower than the prevailing wholesale market prices. The minimum sugarcane price payable by the sugar factories was also enhanced during the year. In the case of various States, the maximum wholesale as well as retail prices for rice and wholesale prices of paddy were fixed. Maximum prices of wheat have also been fixed by the Government of Rajasthan and those of jowar by Madhya Pradesh and Maharashtra. An even more important step was the establishment of the Agricultural Prices Commission to advise the Government, on a continuing basis, on agricultural policy and to evolve a rational price structure in the context of the need to raise agricultural production as also to give relief to the consumer. Support prices of standard varieties of *kharif* cereals for 1965-66 crop were announced on the basis of the recommendations of the Agricultural Prices Commission. Further, the Food Corporation of India was set up in January 1965 to act as an agency for making purchases, building up buffer stocks and arranging for distribution.

15. As regards industrial commodities, tax concessions as well as increases in controlled prices of important items were offered to stimulate production. Thus, rebates in excise duties were granted to sugar and cement industries. Increases in controlled prices were allowed in case of cement, coal and sugar to meet increased costs and stimulate production. Procedures for obtaining industrial licences were simplified. In the case of cotton textiles, statutory control was imposed only on popular varieties of cloth accounting for 50—60 per cent of total cloth production of the mill sector, the system of voluntary control was terminated and no price control exists now on the remaining 40—50 per cent of the production.

Public Sector Outlays and Resource Mobilization:

16. In the Revised Estimates for 1964-65, the overall deficit of the Centre has been estimated at Rs. 30 crores as against the actual deficit in 1963-64 amounting to Rs. 92 crores, even though the budgetary outlays in 1964-65 showed a substantial increase over those in 1963-64. The reduction in the overall deficit was expected to be achieved as a result of larger tax collections and concerted efforts in effecting economy, mainly in non-developmental expenditure. Since in January 1965 *ad hoc* Treasury bills amounting to Rs. 50 crores were funded, the overall deficit taking this funding into account would work out to Rs. 80 crores as against the figure of Rs. 167 crores in 1963-64 (Actuals) arrived at on a similar basis. The budget for 1965-66 does not show a deficit but anticipates a small surplus for the first time in several years. The budgetary position of the States, however, has deteriorated further, the overall deficit increasing to Rs. 40 crores in 1964-65 (R.E.), as against Rs. 5 crores in 1963-64 (Actuals) and a surplus of Rs. 28 crores in 1962-63 mainly on account of a sharp rise in developmental and non-developmental expenditure and larger repayment of loans taken from the Centre. In 1965-66, a record deficit of

Rs. 77 crores is forecast as most of the States have refrained from imposing any sizeable fresh taxation though they have budgeted for increased overall disbursements. These developments in the finances of the State Governments have offset considerably the beneficial impact of the Central Government's budgetary efforts.

17. The additional taxation at the Centre in the last four years upto 1964-65 which is expected to yield Rs. 2,025 crores over the entire Third Plan period, has already exceeded substantially the target of Rs. 1,100 crores fixed for the Third Plan. On the other hand, the additional taxation by States upto 1964-65 would bring in Rs. 572 crores over the entire Third Plan period as against the Plan target of Rs. 610 crores. The ratio of total Central and State tax revenue to national income in 1965-66 is expected to rise to 14 per cent as against 9.6 per cent at the end of the Second Plan.

18. The budget proposals for 1965-66, the final year of the Third Plan, seek to achieve a measure of stability in taxation policies in order that the tax structure of the country may be placed on a more enduring and rational basis. In the realm of personal taxation, the proposals aim at streamlining and simplifying the tax structure and a reduction at all levels with a view to providing relief to the common man because of the sharp increase in prices of commodities of daily consumption and also to encouraging savings and investment. In the corporate sector, the main proposals relate to the grant of higher development rebate in respect of priority industries and issue of tax credit certificates for stimulating production and for providing resources for the expansion of industry. In order to promote exports, a tax credit certificate scheme has also been introduced. Selective abolition or reduction of excise duties on certain consumer goods coupled with increases in both import and excise duties on some others to mop up excessive profits and to encourage import substitution, correcting lop-sided growth of urban areas, checking the accumulation of urban property and tracking down unaccounted wealth are some of the other highlights of the budget proposals. In the absence of major fresh taxation in the State budgets, the tax potential of the agricultural sector, however, continues to be inadequately tapped, though a fuller exploitation of it, in an unhesitating manner is indicated in the interest of adequate fulfilment of State development programmes.

19. The position regarding the mobilisation of resources by borrowings on the domestic capital market for the public sector during 1964-65 improved considerably. The net market borrowings by the Centre and States at Rs. 185 crores were higher by Rs. 42 crores than the previous year, which may be ascribed to the higher response to new issues consequent partly to the floatation of market loans separately by the Centre and the States and partly to the new liquidity requirements enforced on commercial banks, effective September 16, 1964. In fact, despite a larger net Government borrowing on a higher yield basis, the gilt-edged market remained steady during July-August 1964 because of a considerable broadening of the demand for Government securities from commercial banks. Since mid-August, the gilt-edged prices eased considerably in the remaining part of the year mainly as a process of adjustment to the higher yield pattern existing in the market. The Reserve Bank's open market operations continued to be designed to absorb the excess liquidity in the market, the net sales during the year amounting to Rs. 61 crores in 1964-65 (excluding purchases from the State Bank of India on account of P.L. 480 funds) as compared to Rs. 74 crores in 1963-64 and only Rs. 5 crores in 1962-63.

20. As regards the market borrowing programme of the Centre during 1965, the 1965-66 budget had taken a credit of Rs. 270 crores on account of gross market loans as against Rs. 295 crores assumed in the previous year's budget. The Union Government entered the market on July 1 and 2, 1965 with two new cash-*cum*-conversion loans, namely, the 4½ per cent Loan 1971 at an issue price of Rs. 99.50 per cent and the 5½ per cent Loan 1990 at par for a total gross amount of Rs. 250 crores. Total subscriptions received in cash amounted to Rs. 124.43 crores, while Rs. 126.57 crores were offered for conversion of 3½ per cent National Plan Bonds, 1965. Allowing for the cash repayment of the maturing 3½ per cent National Plan Bonds, 1965, net market borrowing by the Union Government during 1965-66 amounted to Rs. 97.32 crores. As regards the borrowing programme of the States for 1965-66, fourteen State Governments have announced on August 2, 1965 their intention to borrow an aggregate sum of Rs. 101 crores as against their actual gross borrowing of Rs. 106 crores last year.

21. Net collections of small savings during the financial year 1964-65 at Rs. 126 crores remained practically at the same level as in the previous year. For 1965-66, the budget has taken credit for a net receipt of Rs. 135 crores under small savings. Various steps have recently been taken to improve collections from small savings such as raising of the rate of interest by ½ per cent to 4 per cent and introduction

of new series of small savings certificates with higher rate of simple interest at 8 per cent (taxable) from June 1, 1965. The National Defence Fund set up in the wake of Emergency as a measure of mobilizing voluntary resources fetched Rs. 59 crores in cash, 24 lakh grammes in gold and 14 lakh grammes in silver upto March 31, 1965. A new series of 7 per cent Gold Bonds 1980 was issued on March 2, 1965.

22. External assistance in the form of loans and grants (excluding P.L. 480) was higher at Rs. 493 crores during the financial year 1964-65 as against Rs. 395 crores in 1963-64. Receipts from P.L. 480 counterpart funds are expected to be higher at Rs. 306 crores in 1964-65 as against Rs. 216 crores in 1963-64. In the aggregate, net foreign assistance is estimated to be higher by Rs. 188 crores than in the previous year.

Finance for the Private Sector:

23. Conditions in the capital market continued to remain subdued in 1964-65 and the demand for resources by the private sector was largely met through loans and underwriting facilities provided by various term-lending institutions, as entrepreneurs found it difficult to raise funds from the open market. Movements of share prices were affected from time to time by such factors as apprehensions of assumption of wider powers by the Government on stock exchanges following the recommendations made by the Company Law Administration, credit control measures taken by the Reserve Bank, non-realisation of market expectations regarding changes in dividend tax on equity and the capital gains tax on bonus issues in the 1965-66 Budget, the imposition of a regulatory duty on imports and troubles on the country's borders. Though measures such as a relaxation in margin restrictions on forward trading on the stock exchanges and broadening of the institutional framework to provide longterm finance were taken by the Government, markets ruled generally easy. Equity prices after some revival during July-September 1964 receded in part by way of adjustment to a higher yield pattern. The index of share prices showed a decline of 4.3 per cent over the year as against an improvement of 3.7 per cent in the previous year and a sharp decline of 16.0 per cent in the year before last.

24. There was an increase in new issue activity with capital issues through prospectus showing a rise as compared with the previous year. Foreign participation in these issues was, however, somewhat lower. As regards consents for capital issues, which broadly indicate the investment intentions of the private sector, the magnitude of total consents* through the issue of shares (other than bonus) and debentures was lower at Rs. 106 crores in 1964-65 as against Rs. 126 crores in 1963-64. A significant feature of capital consents during the year was the decline in consents for equities and a substantial rise in the consents for debentures indicating a continuing trend in investors' preference for securities which offer high yields and safety of capital.

25. Further, as regards equities, investors have become more selective. One of the factors responsible for this change in investors' preference appears to be the fact that many of the new concerns which floated issues in the market in the recent past have not been able to satisfy the expectations of investors. Part of their difficulties have no doubt been due to factors beyond their control such as delays in securing the various licences, increasing costs of construction and production, raw material shortages, etc. But significantly there have been considerable short-comings in respect of planning and management of certain industrial projects. Not a few of the investors, particularly amongst those who invested in the boom in the early sixties, have found that the real worth of their investments has depreciated considerably.

26. In order to increase the flow of funds to the market, a number of fiscal incentives and concessions were offered during the year in addition to modifications in personal income taxation and corporate taxation. These include a scheme of tax credit certificates for a period four years, upto specified limits, for investment in new equity issues by individuals and Hindu undivided families introduced in December 1964 and tax credit incentives in the 1965-66 Budget with a view to stimulating higher production and exports. Other measures included price incentives to priority industries and simplification and rationalisation of procedures for securing Government approval for industrial schemes. The strengthening of the institutional machinery for the mobilisation and channelling of funds for investment in the private sector through institutions like the Unit Trust and industrial Development Bank was yet another important step taken by Government to assist private sector industrial growth. These measures appear to have had some stabilising effect,

*Excluding consents for Rs. 25 lakhs and below which are exempted from capital issues control since December 1963.

though the gloom in the capital market seems to persist. The Report of the Industrial Development Bank of India also attempts an assessment of trends in the capital market as well as of the operations of financial institutions. These are briefly referred to below.

27. Total assistance by way of loans, underwriting and direct subscriptions granted by the various financial institutions* during the financial year 1964-65 aggregated Rs. 74 crores as compared to Rs. 78 crores in 1963-64. Disbursements by these institutions during the same period stood higher at Rs. 53 crores compared to Rs. 49 crores in the preceding financial year. Following the merger of the Refinance Corporation for Industry with the Industrial Development Bank of India in September 1964, the latter continued refinancing facilities provided by the former for term loans made by financial institutions. Such assistance sanctioned totalled Rs. 22.7 crores during the financial year 1964-65 as against Rs. 23.2 crores in 1963-64. The total disbursements increased, however, from Rs. 15 crores to Rs. 21 crores. The refinance assistance sanctioned to State Financial Corporations aggregated Rs. 2.7 crores in 1964-65 and Rs. 3.9 crores in 1963-64 while disbursements amounted to Rs. 2.6 crores and Rs. 3.1 crores, respectively. The Life Insurance Corporation also continued to assist the private sector through its investments in industrial securities. Its investments in shares and debentures of joint-stock companies rose to Rs. 144 crores in March 1964 from Rs. 125 crores in March 1963. The assistance extended for small-scale industries under the Credit Guarantee Scheme as well as under the Scheme of assistance of the State Bank of India recorded a further increase during the year.

Monetary and Credit Trends:

28. In recent years liquid resources in the economy have been growing at rates far exceeding the growth of real output. During the year under review, some slowing down of this was in evidence as a result of various policy measures taken. Thus, money supply during the accounting year 1964-65 expanded by Rs. 356 crores or 9.3 per cent as compared to Rs. 454 crores or 13.5 per cent in 1963-64. The decrease in the rate is mainly due to the fact that there was a substantial growth of savings of the public in the form of time deposits—Rs. 179 crores @ as against Rs. 83 crores last year—which offset the increase in scheduled bank credit to the private sector. Total monetary resources consisting of money supply in the conventional sense and time deposits with banks expanded by Rs. 506 crores or 9.8 per cent in 1964-65 as against Rs. 502 crores or 10.7 per cent during 1963-64. These rates of growth, when compared against the rate of growth of real output *i.e.*, national income at constant prices of an estimated 7.3 per cent in the financial year 1964-65 and 4.5 per cent in the financial year 1963-64, indicate that the imbalance between the two has been reduced though there is still quite some way to go.

29. Governmental indebtedness to the banking system, comprising investments in government securities by the Reserve Bank and other banks (excluding investments of P.L. 480 and P.L. 665 funds) and ways and means advances adjusted for Governments' cash balances with the Bank continued to be the major expansionary factor, although its magnitude was somewhat smaller; Rs. 271 crores as compared to Rs. 282 crores in the previous year. While credit extended by the Reserve Bank to Government was appreciably lower, Rs. 169 crores as against Rs. 245 crores, investments by the commercial banks in Government securities were considerably larger reflecting in part the impact of the enhanced liquidity requirements under which banks were obliged to maintain a minimum of 28 per cent of their aggregate demand and time liabilities in liquid assets comprising of cash, gold and unencumbered approved securities which came into force as from September 16, 1964. The smaller rise in net bank credit to Government reflected in part the levelling off of the defence expenditure and a smaller increase in non-developmental expenditure. Scheduled bank credit rose by Rs. 296 crores this year as compared to Rs. 244 crores during the previous year. Credit extended by non-scheduled banks and co-operative banks as well as banks' holdings of debentures and shares and money at call and short notice, on the other hand, contracted by Rs. 5 crores this year while these had increased by Rs. 33 crores last year.

30. The balance of payments deficit, as measured by variations in Reserve Bank's net foreign assets, exerted a larger contractionary influence of Rs. 31 crores as compared to only Rs. 1 crore in 1963-64. Government's 'net' currency liabilities

*Comprising the Industrial Finance Corporation of India, the Industrial Credit and Investment Corporation of India, the State Financial Corporations and the National Industrial Development Corporation for the years 1963-64 and 1964-65 and the Industrial Development Bank of India for 1964-65.

@Adjusted for variations in P.L. 480 and P.L. 665 deposits.

and the net non-monetary liabilities of the banking sector, together had an expansionary influence of Rs. 4 crores as against their contractionary impact of Rs. 21 crores last year.

31. As regards seasonal variations, money supply with the public contracted by Rs. 33 crores during the slack season of 1964 in contrast to a contra-seasonal expansion of Rs. 30 crores noticed in the slack season of 1963. During the busy season of 1964-65, money supply expanded sharply by Rs. 388 crores as compared Rs. 410 crores in the preceding busy season.

32. The seasonal movements in scheduled bank credit were larger in absolute terms in both the slack and the busy seasons. Thus in the slack season of 1964, scheduled bank credit contracted by Rs. 139 crores as against Rs. 121 crores in the preceding slack season. The contraction in seasonal advances was larger, Rs. 194 crores as compared to the previous salck season, Rs. 166 crores, but even so did not wipe out completely the previous seasonal expansion recorded by such advances which, amounted to Rs. 201 crores. At the same time, non-seasonal advances expanded rather sharply by Rs. 54 crores or by six times the expanion in the 1963 slack season.

33. In the busy season that followed there was a record credit expansion of Rs. 407 crores, which exceeded the expansion in the previous busy season of Rs. 376 crores by Rs. 31 crores. Increased level of advances against sugar, the output of which was estimated to have risen from 2.5 million tonnes in 1963-64 to 3.0 million tonnes in 1964-65, almost equalled the increase. As regards other items, there was a relatively greater expansion of bank credit against cotton textiles, iron and steel and engineering products and assets of industrial concerns than in the previous season. This was counter-balanced by a reduced rate of expansion in the case of advances against raw jute and declines in advances against jute goods, some types of manufactured goods and Government and trustee securities. Although the absolute magnitude of credit expansion was larger, the rate of credit expansion expressed as a percentage of the level of scheduled bank credit at the beginning of the busy season was lower during 1964-65 at 23.9 per cent than the rate of 25.6 per cent during the 1963-64 busy season.

34. During the slack season of 1965, the credit contraction upto August 13, 1965 has been smaller at Rs. 87 crores as compared to Rs. 111 crores in the corresponding period of 1964.

35. During the slack season of 1964, bank deposits grew by as much as Rs. 211 crores. In the previous slack season they had grown by Rs. 148 crores and a little before that the annual growth in deposits had amounted to about Rs. 190 crores. The large accretion to deposits enabled the banks to repay their borrowings from the Reserve Bank and strengthen their protfolio of Government securities; the investment-deposit ratio moved up from 26.5 per cent to 34.5 per cent over the slack season. It also enabled them to bring down their credit-deposit ratio to 67.4 per cent from 79.5 per cent at the beginning of the slack season.

36. In the busy season of 1964-65, deposit accretion amounted to Rs. 107 crores which was only Rs. 22 crores more than that in the 1963-64 busy season. In the result, the credit-deposit ratio touched 80.1 per cent—as compared to 79.5 per cent in the previous busy season. Banks, therefore, had to liquidate their investments in Government securities and borrow substantially larger amounts from the Reserve Bank, the outstandings touching the peak of Rs. 164 crores on May 7, 1965 as against Rs. 107 crores in the previous busy season. With the commencement of the slack season, deposit growth has accelerated and by August 13, the accretion in deposits was Rs. 158 crores as against Rs. 141 crores in the corresponding period of the preceding slack season. The call money rates during both the busy and the slack seasons have generally been at higher levels than in the last busy and slack seasons.

37. Over the year July 1964—June 1965 scheduled bank credit rose by Rs. 296 crores or by 16.7 per cent as against Rs. 244 crores or by 16.0 per cent during the previous year. The credit-deposit ratio was higher by 2.1 percentage points

at 76·5 per cent on June 25, 1965. The increase in scheduled bank credit was facilitated by larger growth in aggregate deposits as well as substantial increase in borrowings from the Reserve Bank. Though aggregate deposits rose by Rs. 320 crores as compared to Rs. 245 crores in the previous year, these were still inadequate to meet the increased demand for credit and necessitated larger borrowings from the Reserve Bank, the outstandings of which amounted to Rs. 64 crores at the end of June 1965; at the end of each of the preceding three years, banks had virtually no borrowings outstanding from the Reserve Bank. Cash and balances with the Reserve Bank on the other hand were higher by Rs. 7 crores. Banks' investments in Government securities showed an appreciable rise as against a small decline last year.

Credit Policy:

38. During the year under review there were further adaptations of the Bank's credit policy. Over the years of the Third Plan and particularly after the onset of the Emergency there has been a persistent and marked imbalance between aggregate monetary demand and overall supply. In the early stages it was the increase in the financing of Government sector by bank credit that was the dominating factor in the expansion of monetary demand. The growth in fiscal resources following the various taxation measures imposed by the Government has reduced the relative contribution of this factor although even now it is considerable. At the same time, the demands by the private sector on bank credit have been growing rapidly as has been shown by the figures of expansion of scheduled bank credit.

39. With a rapidly accelerating price level and with a record expansion of Rs. 376 crores in the scheduled bank credit during the busy season of 1963-64 followed by an inadequate contraction during the succeeding slack season, control on the expansion of bank credit in addition to corrective action on the fiscal side was clearly indicated in order to reduce monetary pressures. At the same time every care had to be taken to see that the industry's genuine requirements for credit for productive purposes were not affected. In place of the earlier system of lending to banks on the basis of quotas, which placed relatively greater emphasis on the availability rather than the cost of credit and which therefore did not reflect adequately the scarcity of savings in the country, the Bank devised a system of controlling credit in which the cost of credit was the governing factor. The cost of borrowing by Government which is closely related to the level of the Bank rate was also out of alignment with the prevailing interest rate structure; it was decided to make greater use of the interest rate instrument both for restraining expansion of monetary demand and for promoting savings. In September 1964, therefore, the Bank put up the Bank rate by ½ per cent to 5 per cent and replaced the quota system by a differential rates scheme of lending to scheduled banks, under which the cost of borrowings from the Reserve Bank would rise progressively with the decline in the ratio of net liquid assets* of the borrowing bank to its aggregate demand and time liabilities. Simultaneously, action was taken by the Bank fixing the maximum rate at 9 per cent to be charged by larger Indian and all foreign banks on advances and regulating the inflow of banking funds, so as to make credit control effective. With a view to encouraging the growth of bank deposits and reducing the reliance of banks on the Reserve Bank, the Bank fixed maximum rates of interest payable on very short-term deposits and recommended to banks a more rational structure of rates for longer-term deposits.

40. Despite the measures of monetary restraint mentioned above and various non-monetary measures mentioned earlier together with reports of a bumper foodgrains harvest, prices did not show any signs of recession and even recorded some contra-seasonal rise between November 1964 and January 1965. There was also some evidence of inventory accumulation. Though the pace of expansion of credit was slower than in the preceding year, this was on top of an already extended base, the seasonal expansion in 1963-64 being itself abnormal. Moreover, the divergence between money rates in India and the United Kingdom due to the rise in the British Bank rate to 7 per cent accentuated pressures on the country's exchange reserves. Consequently, the Bank raised the Bank rate

*The net liquid assets were first defined as the total of cash and balances with the Reserve Bank and other notified banks, current account balances with other banks and investments in Government securities less borrowings from the Reserve Bank and State Bank of India. On December 4, there was a slight modification in the compilation of net liquid assets by the inclusion of 'other approved securities' in assets and 'borrowings from the Industrial Development Bank' on the liabilities side.

by a full one per cent to 6 per cent on February 17, 1965. The Bank also raised the minimum net liquidity assets ratio from 28 per cent to 30 per cent, which a borrowing bank has to maintain to qualify for borrowing from the Reserve Bank at the Bank rate. Simultaneously, the ceiling of 9 per cent on the rate of advances of larger Indian and foreign banks was raised to 10 per cent. In line with the new structure of advance rates, the Bank also laid down minimum rates of interest on savings deposits and on different maturities of fixed deposits which were higher than the rates paid by the larger commercial banks by ½ to 1 per cent. These measures are expected to result in increased mobilization of bank deposits in general and long-term deposits in particular, so that banks can meet credit demands more adequately in future.

41. It has already been mentioned that the credit expansion during the 1964-65 busy season set a new record at Rs. 407 crores. That this happened in spite of the fact that the borrowers had to pay considerably high rates of interest to meet their credit requirements indicates the strength of the demand for bank credit in the economy. Borrowings by the scheduled banks from the Reserve Bank during the recent busy season have been at a much higher level than at any time in the past,—the maximum being Rs. 164 crores (reached on May 7, 1965); they have also had to pay considerably high rates of interest to the Reserve Bank, the maximum ever touched being 13 per cent while the maximum weighted average rate being 8·44 per cent and in addition there was considerable activity in the inter-bank call money market where the rates touched a level of 9½ per cent in Bombay and 10-1/2 per cent in Calcutta on May 14, 1965. As there were no overall restrictions on the availability of Reserve Bank accommodation, banks were assured of their requirements for credit expansion and credit could flow to those channels where it was required. Thus with a record level of sugar production during 1964-65 there was a corresponding record level of increase in bank advances against sugar; the higher level of activity in a number of basic industries had its counterpart in significantly higher levels of advances against iron, steel and engineering products, coal, chemicals and dyes. Similarly, advances against assets of industrial concerns have also shown large increases during the busy season. In fact, in certain sectors such as cotton textile industry, it would appear that substantial increases in bank credit have taken place mainly to finance the accumulation of stocks—a result probably of increasing consumer resistance to high prices of textiles.

42. Taking a view over a longer span of time, it would be seen that in recent years industry has claimed the lion's share of bank credit. Thus, as the Bank's surveys of advances of scheduled banks according to purpose show between the end of April 1961 and the end of March 1964 the total of bank credit increased from Rs. 1,306·2 crores to Rs. 1,864·8 crores showing an expansion of 43 per cent, whereas advances to industry have increased from Rs. 687·8 crores to Rs. 1,104·4 crores or by 60·6 per cent. Nearly three-fourths of the expansion of bank credit during this period has been made available for industry and its share in the total has increased from 52·7 per cent to 59·2 per cent. At the same time it is interesting to note that the increase in industrial production over this period was much less (about 25 per cent) than the increase in bank advances to industry. In comparing these figures, allowance has to be made for the fact that they have been obtained from two different sources. Further, it has also to be noted that in addition to the increase in the volume of production, there has also been an increase in prices of the various industrial inputs. In addition, the slackness in the capital market has resulted in industry's needs of long-term finance being met through the banking system rather than through the capital market. It is also likely that with the action taken recently by the Government against bogus hundis a good deal of the load of financing those sectors which depended on this source of finance fell on the banking system. By and large it appears that the flow of bank credit for industrial production has been satisfactory, though it is possible that the degree to which the needs of individual units were met shows a variation. It is also clear that the aggregate expansion of bank credit is exerting pressure on the real resources of the economy which are not growing at a fast enough rate.

43. The situation thus calls for a continued exercise of monetary restraint coupled with a higher degree of selectivity in the use of bank credit so as to ensure that bank credit for productive purposes also follows the order of priorities in the economy for the various lines of production. Care has to be taken in particular to avoid the use of bank credit for financing excessive inventory accumulation in certain sectors when other sectors need it for their normal functioning.

44 It was against this background and also in view of the need to hold the price level in the lean months that the Bank called upon bankers to strive to bring about a credit contraction of Rs. 200 crores during the current slack season. As the resources of the banking system through deposit accretion would also be increasing at a substantial rate, the Bank suggested to them the investment of the resources obtained through the operation of both these factors in Treasury bills so that the banking system would remain in a sufficiently liquid position to meet the demands of the forthcoming busy season mainly from its own resources.

45. The Bank's selective credit controls on bank advances against essential articles were also tightened further. Thus the minimum margins on bank advances against (i) 'other oilseeds', (excluding cottonseed and groundnut) were raised from 40 to 50 per cent in July 1964 and a minimum margin of 50 per cent was also imposed on advances against vegetable oils (including *vanaspati*)—the margins against groundnut had already been raised to 50 per cent in March 1964—and against (ii) all foodgrains from 35 to 50 per cent in August 1964 except in the case of advances against official warehouse receipts the margin on which was raised from 25 to 40 per cent. In August 1964 ceiling limits were reduced from 100 to 90 per cent of the level reached in 1962 in respect of advances against 'other foodgrains.' A similar reduction in respect of paddy and rice had been made earlier in February 1964. In addition, ceiling control was reimposed in April 1964 on advances against wheat, the ceiling being fixed at 80 per cent of the actual level of such advances in 1962. In December 1964, the control on advances against vegetable oils was relaxed in respect of advances against stocks held by *vanaspati* manufacturers of soyabean oil imported under P.L. 480 agreements, exempting them from margins in view of the fact that these imports were arranged in order to reduce the pressure on demand for indigenous oils. In 1 65 selective credit control on foodgrains and oilseeds were further tightened. Thus in May 1965 the permitted ceilings on advances against paddy and rice were fixed at 100 per cent of the actual advances in 1964, these actual levels being less than what were permitted under the ceiling controls at that time. Advances to the Food Corporation of India were, however, completely exempted from both margin and ceiling control, while a special concession of 25 per cent margin was given to authorised agents of the Food Corporation of India in respect of such advances. In July 1965, the permitted ceilings for advances against groundnuts were fixed at the actual levels of 1964. In August 1965, the Bank reduced the effective ceiling limits on advances against wheat and 'other foodgrains' and introduced ceiling limits on advances against 'other oilseeds' and vegetable oils (including *vanaspati*). The minimum margin on advances against vegetable oils (including *vanaspati*) has been raised from 50 to 60 per cent, but it remains unchanged at 50 per cent in respect of advances to *vanaspati* manufacturers. The Bank has also imposed a minimum margin of 50 per cent on advances against cotton and *kapas* excepting those granted to cotton mills. Also, banks have been directed not to exceed the actual levels attained on 25th June 1965 in regard to their clean advances (excluding certain categories). This last measure has been taken both in view of the large increase in clean advances that has taken place since 1963 as well as to make the system of import deposits under which importers of certain categories of goods were required to make a deposit of 25 per cent of the value declared in the bill of lading for each shipment effective.

Balance of Payments:

46. In the external sector of the economy, the pressure on the country's foreign exchange reserves which began towards the end of the accounting year 1963-64 increased. There was an almost continuous outflow of reserves throughout the accounting year 1964-65. The deterioration in the situation, in spite of a substantial increase in the inflow of assistance from abroad, can be attributed to a rapid increase in import payments and growing service charges on the external debt, without any corresponding improvement in export earnings. As a result, it was necessary to make a transfer of gold worth Rs. 16 crores from non-monetary to monetary stocks and also to make a net drawing (after providing for a repurchase obligation of Rs. 36 crores) of Rs. 36 crores from the International Monetary Fund under the new stand-by credit arrangements concluded in March 1965. Over the year 1964-65 (July-June), the country's reserves were drawn down by Rs. 31 crores to Rs. 247 crores, following a reduction of Rs. 10.5 crores during 1963-64. In transactions with the International Monetary Fund and the acquisition of gold by the Reserve Bank are excluded, the draft on the reserves during 1964-65 is of the order of Rs. 83 crores, as against a modest rise of Rs. 13 crores during the preceding year. Towards the year-end, in an effort to relieve the pressure on the reserves, import licensing involving free foreign exchange resources

was suspended temporarily up to June 30, 1965 and import licences for established importers for the 1965-66 licensing period were pruned down further.

47. While the position of the foreign exchange reserves as at the end of the accounting year is available, the latest full year for which balance of payments statistics have been compiled is the financial year 1964-65 (April-March). During the financial year 1964-65, the decline in reserves amounted to Rs. 56.2 crores in contrast to a modest rise of Rs. 10.8 crores in the preceding financial year. There was also a more rapid utilisation of foreign aid. Rs. 720 crores were drawn upon during the financial year 1 64-65 as against Rs. 590 crores during the corresponding period of 1963-64. In addition, there was a net drawing of Rs. 12 crores under the stand-by credit arranged with the International Monetary Fund in March 1965.

48. The persistent severe strain on reserves was due mainly to three reasons. First, there was a considerable widening of the trade gap as imports increased from Rs. 1,230.7 crores in the financial year 1963-64 to Rs. 1,396.0 crores in 1964-65 while exports showed only a nominal increase of Rs. 1 crore from Rs. 801.7 crores to Rs. 802.7 crores. Second, as between trade with the East European countries and that with the rest of the world most of the gap was in respect of trade with the latter group. Thus, whereas the gap in the case of the East European countries widened from Rs. 45.5 crores in 1963-64 to Rs. 50.1 crores in 1964-65, that in respect of all other countries widened from Rs. 383.5 crores to Rs. 534.2 crores. Thirdly, it appears that actual receipts from exports fell short of estimates.

49. The adverse impact of merchandise transactions was offset to a certain extent by a transfer of non-monetary gold worth Rs. 16 crores to the Reserve Bank of India and a sizeable increase of Rs. 45 crores in government to government grants, mostly under P.L. 480, recorded under 'Official Transfer Payments' (net). The net surplus on other invisible transactions was, however, about the same as in the preceding year. In the result, the current account deficit widened by Rs. 101 crores to Rs. 437 crores. On capital account, the larger outgo on amortisation payments and banking capital transactions contributed to the overall deterioration. On the other hand, there was a substantial rise in loans from abroad which offset it.

50. The bulge in import payments was entirely on Government account, while private imports at Rs. 613 crores were lower by a few crores than last year. Nearly two-thirds of the increase in Government imports was under non-developmental imports. Food imports, in particular, were stepped up by Rs. 101 crores to Rs. 299 crores in view of the all-round shortage of foodgrains in the country; and although the major portion of these imports was financed out of the United States P.L. 480 assistance programme, a sizeable amount was spent on other food imports involving a considerable draft on foreign exchange resources. The imports of capital equipment for Government projects at Rs. 278 crores, were also considerably larger than in the previous year, reflecting in the main speedier utilisation of both project as well as non-project loans. However, by and large private imports, (except those for which foreign assistance was available) registered declines during the year. While in several cases larger availablity of indigenous products facilitated import substitution, in a few cases import cuts were necessitated by the scarcity of foreign exchange.

51. A feature of the external payments position during the financial year 1964-65 which was caused concern is that export earnings have not continued the upward trend of the preceding three years, even though world exports as well as exports of primary producing countries rose and the scope of export incentive schemes at home was enlarged. More important, export earnings in free foreign exc[illegible] from the sterling area and the Organisation for Economic C[illegible] Development countries, suffered a setback, exports to these areas falling from Rs. 693 crores to Rs. 666 crores and although in the global total this was made good by higher exports (in inconvertible rupee) to East European countries, there was no gain in terms of the foreign exchange reserves. Admittedly, domestic shortages of some of the exportable commodities such as sugar, vegetable oils, cotton, etc. were mainly responsible for shortfalls in export receipts in the free foreign exchange; but, to some extent the loss of competitive strength through higher domestic prices of some commodities has impeded the uninterrupted growth of exports. The problem of boosting exports is not only one of achieving a surplus in agricultural commodities but also of maintaining stable and competitive prices. The only encouraging feature of the export performance during the year was a material improvement in the earnings from metallic ores, coffee and cashew kernels whereas earnings from the major

export commodities like tea, jute goods and cotton textiles were just maintained around last year's level.

52. The shortfalls in actual receipts as compared to the reported exports have aggravated the situation. A number of reasons appear to have contributed to the shortfalls, the main ones amongst these being some of the procedural weaknesses that developed in the export incentive scheme and the growing tightness in the money markets of several Western countries. With the tightening up of the procedure for export incentives and a better alignment of the interest rates in India with those in India's principal export markets these factors should cease to operate adversely on the country's foreign exchange reserves. However, the problem of ensuring a continuous growth of exports at the desired rate still remains as urgent as ever.

53. In the context of the growing trade imbalances, trade policy during the year was attuned to the twin objectives of accelerating the growth of exports on the one hand and reducing the outlays on imports on the other. Measures adopted for increasing exports primarily aimed at giving a competitive edge to India's exports through the grant of fiscal concessions. The fiscal measures taken during the year included in the main, abolition of the export duty (Rs. 25 per bale) on exports of Bengal Deshi cotton and the introduction of a scheme to grant tax credit certificates. According to the Budget proposals for 1965-66, exports would receive tax credit certificates, up to the maximum of 15 per cent, as recommended by the Advisory Board, which had been set up for the purpose.

54. Apart from the fiscal concessions, measures were taken during the year, to encourage the flow of bank or other finance to the exporters in larger quantities, at different stages and on more favourable terms, while revolving credit scheme was adopted for making short-term credits in foreign exchange available to exporters for import of essential raw materials, components, etc. required for the manufacture of non-traditional goods meant for export. The Industrial Development Bank of India also liberalised its scheme for re-financing of medium-term export credit by removing the existing restriction that the export contracts must be for a minimum of Rs. 1 lakh. As the re-finance would be offered at a concessional rate of 4½ per cent—provided the lending banks do not charge more than 6 per cent—the liberalisation is expected to held small exporters to offer competitive terms to their customers abroad. Another notable development in the field of export promotion was the setting up of a Free Trade Zone—the first of its kind—at Kandla in order to encourage the growth of exports.

55. The import policy for 1964-65 announced on March 31, 1964 continued to be restrictive as in the previous year and the total level of imports to be permitted for established importers and actual users was almost of the same order. However, in the wake of a continuous decline in reserves, a series of measures had to be taken to restrain the flow of imports, including the suspension, for a time, of the issue of fresh licences. Thus certain cuts were announced, in December 1964, in the allocation for actual users, the general quantitative restrictions being further reinforced by fiscal measures through the imposition, on February 17, 1965, of a regulatory customs duty of 10 per cent *ad valorem* on all imports with the exception of certain items like foodgrains and fertilizers.

56. The announcement of the import policy for 1965-66, which should have been normally made prior to April 1, was postponed by three months in order to obtain a clearer indication in regard to the availability of foreign exchange resources including aid resources. Pending the announcement of the policy and in view of the extremely tight foreign exchange position, the issue of fresh licences against free foreign exchange was suspended up to June 30, 1965 except for a few essential items like foodgrains, fertilizers and petroleum. The import policy for 1965-66 in respect of both established importers and actual users had in the nature of things to be restrictive; imports of some 60 items were banned while quotas for quite a few other items were reduced. Simultaneously, with a view to regulating the flow of imports, the Reserve Bank issued a directive on June 29, 1965 calling upon all importers to deposit, with banks authorised to deal in foreign exchange, prior to the shipment of the goods, an amount equivalent to 25 per cent of the c.i.f. value of all imports of Rs. 5,000 or over. The deposits were returnable after the final remittance in respect of the relevant shipment or the expiry of two months from the date of deposit, whichever was later. The stipulation applied to all shipments (with certain exceptions) effected after July 1, 1965 by the private sector as well as public sector undertakings and covered all areas including rupee payment areas. The stipulation has been discontinued with effect from August 20, 1965 with the levy of increased import duties which came into force on that date.

57. On the invisibles account, the net surplus improved, over the year by Rs. 47 crores. Gross receipts under 'Official Transfer Payments', increased by Rs. 55 crores owing to larger grants under Title I of the P.L. 480 assistance programme.

58. Gross receipts under the head "Government not included elsewhere" went up by abount Rs. 27 crores because of larger refunds of freight on P.L. 480 imports and higher United States Embassy expenditure (by Rs. 25 crores) out of P.L. 480 counterpart funds. Private transfer payments (receipts) also increased by Rs. 6 crores, but this improvement was largely of a statistical nature emanating from a reclassification of P.L. 480 Titles II and III grants under this head instead of under 'Official Transfer Payments' as in 1963-64 and preceding years. Receipts under the other invisible items, however, showed some declines. On the payments side, gross invisible payments increased by Rs. 31 crores mainly on account of a rise of Rs. 21 crores under the head 'Investment Income Payments'. Payments under this head have increased rapidly in the past few years—from Rs. 61.9 crores in 1960-61 to Rs. 118.8 crores in 1964-65—and will rise at an even faster rate with each year.

59. In view of the acute foreign exchange shortage, exchange control was tightened further during the year under review. The follow-up arrangements concerning the realisation of exports became stricter and all authorised dealers were advised to pursue vigorously cases of outstanding export bills and to report to the Reserve Bank where response was not forthcoming from the exporters concerned. Further, with a view to strengthening the enforcement machinery and plugging certain loopholes, the Foreign Exchange Regulations Act was amended. Besides, short-term borrowings comprising loans and over-drafts by the authorised dealers from their branches and correspondents aborad, which were made freely earlier, were restricted upto a limit of Rs. 20 lakhs effective December 1, 1964. A similar ceiling was placed on the extension of short-term loans/overdrafts by the authorised dealers.

Conclusion and Outlook:

60. This review shows that the Indian economy has reached a critical phase in its development at which its further expansion in every direction has begun to meet with serious internal and external constraints. The imbalance generated as a result of rapidly mounting expenditures on defence and development in a situation of a relatively slower growth of output and export earnings has caused intense pressures on the price level and the foreign exchange reserves, and affected the country's capacity to undertake larger plan expenditures commensurate with the needs of the economy. Although during the year under review some progress was made towards reducing the imbalance through action on the fiscal and monetary fronts and although the supply situation improved somewhat towards the latter half of the year as a result of a reasonably good outturn of agriculture, it has not been possible to restrain effectively the rising trend of prices. Already during the early part of the lean season this year the beneficial effects of a good crop on the price level have been wiped out. Continuation of this trend which may feed upon itself and become progressively steeper is likely to create serious difficulties in the implementation of the country's future development plans. Firm and decisive action is, therefore, called for to halt and reverse this trend.

61. Any action to restrain the overall expenditure in the economy must inevitably start with the Government budget, the operations of which have a massive impact on aggregate demand. The budget of the Central Government for the current fiscal year which aims at realising a small overall surplus can be expected to exercise a healthy influence in this direction. It has to be remembered, however, that it is the actual performance which is relevant in this context and this is liable to be affected by a number of factors some of which have become quite intractable of late. For example, large deficits have emerged in the State budgets and these have had to be financed by the Centre. This means that the ultimate impact of the Central budget may turn out to be more adverse than anticipated. As there is clearly no room for further inflationary financing, additional measures may have to be adopted by way of either taxation or reduction in expenditure or both to avoid a large deficit in the Central budget. The State Governments also, which this year have budgeted for a record deficit of Rs. 77 crores will have to make more determined efforts to keep expenditures within resources.

62. Like the deficit-financing of the public sector, an excessive use of bank credit by the private sector also contributes to the generation of inflationary pressures in the economy. It is the objective of monetary policy to hold these in check in order that the long-term objectives of planning are promoted. Growth

of bank credit must maintain a proper relation to growth of real output and the use of bank credit to finance inventory accumulation or other activities which accentuate inflationary pressures or may cause a drain on foreign exchange resources must be kept within strict limits. It is thus necessary to exercise an over-all restraint on credi coupled with suitable selective measures.

63. Besides such restraint, it is also necessary to increase the flow of genuine savings in the economy held in various forms. The use of the interest rate instru- [illegible] h a vigorous drive for mobilising deposits by widening the area [illegible] and by the provision of various types of services to the depositors would assist this process. To the extent that genuine savings increase there would be a reduction in consumer demand. Also the resources thus released would be available for investment and would reduce pressures on the banking system for meeting industry's needs.

64. The success of such a policy is vitally dependant on a thorough understanding of mutual problems and close co-operation between the central banking authority and the banking industry, particularly when a considerable restraint on credit is desired. The various measures taken by the former leave considerable freedom of action to the banking industry supplying bank credit to different lines of activity. In exercising their discretion in this matter, however, the banks have to take into account the order of priorities as between different industries such as, exports, capital goods industries, small-scale industries allotted in the plans and dispense credit accordingly.

65. On the supply side, a rapid increase in agricultural production and productivity is obviously a matter of the highest priority. The experience of the last three years of the Third Plan suggests that the basic strategy for this purpose should be to concentrate on increases in agricultural inputs like fertilizers and improved seeds and on intensive development programmes in areas, where potential already exists. However, in the long-run, the agricultural programmes have to strike a balance between these schemes and schemes with a longer gestation period which aim at developing agricultural resources. While a long-term price stabilisation policy is a *sine qua non* for putting through agricu tural development programmes, it is necessary to ensure that agricultural prices are not pushed up to levels which may adversely affect the growth of industrial production or impair the competitive capacity of exports.

66. At a time when an overall shortage of resources is hampering further development, it becomes a matter of paramount importance to extract the maximum return from investments already made whether in the public or the private sector. Fiscal and other economic policies therefore need to be oriented so as to promote economy in the use of capital. In the private sector, delays in implementing new projects and bringing them to a profit earning st [illegible] investing public from investing their savings in industry and to the depression in the capital market. The broadening and [illegible] the institutional machinery for providing finance, the tax concessions and incentives for investment in new industries given in the recent Budget, and the rationalisation of price control measures, should no doubt help in directing a larger flow of saving towards industrial investment. Towards this end it is also necessary to adopt policies conducive to growth of corporate savings. The recent simplification of procedure for industrial licensing might also help to improve the climate for foreign collaboration and investment. However, further efforts are needed to revive the capital market so that it may play its normal role in mobilising resources for industrial development and the present excessive reliance of new ventures on institutional and other loan finance, which is not a healthy trend, may thereby be lessened to some extent. The operation of controls, whether over investment, production or prices, needs to be kept under constant review in order that their adverse effects if any, on growth are minimised.

67. At a time when the accent of policy must be on avoidance of further inflation as well as on stimulating economic growth, it is essential to maintain a balanced outlook towards problems of wages, incomes and prices. Higher wages, if they result in a wage-price spiral, would not necessarily mean higher real incomes for industrial workers. Nor, in a predominantly agricultural economy, can the real incomes of farmers be raised through higher prices alone. Wage, price and income policies have, therefore, to be so devised that while they succeed in transferring a relatively larger share of benefits of development to the poorer and weaker sections of the society, they do not impede the growth of the economy at the desired rates.

68. The current difficulties in the external payments are mainly a reflection of the adverse developments in the internal economy. It is a disappointing feature of Indian economic development that while aggregate output has increased over successive plan periods, the exportable surpluses have not increased to a corresponding extent; nor has there been sufficient recognition that for an economy so vitally dependant on imports and having a heavy external debt to service, exports must be allocated a fairly large share of additional output. In respect of several articles enjoying a ready demand in the world markets exports have been restricted or prohibited to safeguard domestic consumption. While such a course of action might have some relevance where exports constitute a high proportion of the total supply, it is necessary to recognise that the interests of development require a degree of sacrifice of present consumption for future income and that increased exports are a necessary component of such sacrifice. This means, in its turn, not only increased exports out of current production but increased use of available resources for those lines of production which have important export potential. Moreover, the present polices of export promotion need somewhat greater orientation in favour of helping export industries to reduce their costs rather than subsidising them for their higher costs.

69. Shortfalls in export performance have a two-fold impact on the country's development efforts. First, they upset current programmes of invesmtent and production. Second, they increase the need for current foreign assistance and in the process mortgage the country's future exports for debt servicing. Already the burden of external debt servicing is growing at a rapid rate. As most of the loans contracted in the Second Plan period and the early Third Plan period will fall due for servicing in the Fourth Plan, a substantial part (as much as 25 to 30 per cent) of the foreign exchange earned through exports is likely to be absorbed by debt servicing. Unless exports show a substantial improvement in the near future, the inadequate level of export earnings would constitute a severe constraint on the size of the Fourth Plan which even on existing assumptions regarding balance of payments appears to have a very sizeable foreign exchange gap.

70. Import substitution on an increasing scale is a necessary element of the balance of payments policy in the present context of severe shortage of foreign exchange. However, like export promotion, this again is a painstaking job. It requires the same attention to quality and technical application so that the product turned out is as efficient as the imported one. Attention has also to be paid to costs. Besides these aspects which govern the success of import substitution as such, it is also necessary to pay attention to its wider aspects. If import substitution results merely in substituting those items which were earlier being imported but which have a low priority in the plans such as articles of consumption and uses up in the process foreign exchange by way of raw materials and components, then it is not likely to make significant contributions to the balance of payments. Programmes of import substitution have, therefore, to be oriented towards meeting the increasing demand in the economy for items of capital equipment.

71. The Third Plan is now in its final year and preparations are afoot to launch the Fourth Plan next year. Having regard to the paramount need for reducing the trade gap and to ease the current stresses and strains, it is essential that immediate attention should be paid to agriculture, industries essential to agricultural development, machine-building industries and export-oriented industries. Equally immediate, and indeed of over-riding importance, is the objective of curbing inflation and restoring the foreign exchange reserves and the balance of payments to a healthier state. The present level of reserves contain very little margin to meet even the normal fluctuations in balance of payments, and every effort must, therefore, be made to rebuild the reserves to a more satisfactory level. While the perspective of a national minimum to be attained within a reasonable period of time must be kept in view, the magnitude of plan outlays which can be undertaken in the immediate future without further aggravating the pressures on prices and foreign exchange reserves has to be determined with due regard to the realities of the present situation. Some adjustment of priorities may also be necessary. In particular, so long as the growth rate remains what it is and money incomes tend to outstrip production, with the overall supply of consumer goods remaining short of demand, the expenditure on social services, or any other expenditure, in the public or the private sector, which increases the pressure of consumer demand but does not directly contribute to the growth of output may have to be accorded a lower priority for some time. The present difficulties may well prove to be a blessing in disguise if they help the nation to evolve policies genuinely aimed at growth without inflation.

II.—DEVELOPMENTS IN INDUSTRIAL FINANCE AND COMMERCIAL BANKING

72. Over the years, the Reserve Bank has been playing an active part in widening and strengthening the commercial and co-operative banking structure as well as the institutional framework for provision of industrial finance and in imparting a measure of stability to it. The machinery is now becoming increasingly effective in meeting the demands made upon it. The developments in this field during the year are reviewed in this and the subsequent two sections.

Banking Legislation:

73. Consequent upon the establishment of the Industrial Development Bank of India on July 1, 1964, a reference to which was made in the last year's Report, certain further amendments were made to the Reserve Bank of India Act, 1934 during the year. The omre important of them are as under: (1) Insertion of two new clauses (4G) and (4H) in Section 17 so as to empower the Reserve Bank to make loans and advances to the Development Bank and purchase its bonds and debentures, (2) Insertion of a new Section 46C which provided for the establishment of the National Industrial Credit (Long-term Operations) Fund and laying down the objects for which the Fund should be utilised.

74. As the Refinance Corporation for Industry was taken over by the Industrial Development Bank, the Government of India issued a notification that borrowings from the Industrial Development Bank need not be included in total liabilities by the scheduled banks for the purpose of maintenance of average daily balance with the Reserve Bank under Section 42(2) of the Reserve Bank of India Act, 1934 or for liquidity requirements under Sections 18 and 24 of the Banking Companies Act. The scheduled banks were, however, required to include their borrowings from the Industrial Development Bank under total borrowings from notified banks in the weekly returns submitted to the Reserve Bank. The Government also notified that balances maintained with the subsidiaries of the State Bank of India by banking companies may be treated as eligible assets for maintenance of 25 per cent liquid assets by banks under the new Section 24(2A) of the Banking Companies Act, 1949, effective September 16, 1964. Certain amendments to the Banking Companies Rules, 1949 and the forms prescribed thereunder for simplifying/minimising the returns required to be submitted by banks were also made with effect from July 3, 1965.

75. The provisions of the State Bank of India (Amendment) Act, 1964 came into force with effect from December 1, 1964. The Act seeks to facilitate a reconstitution of the Central and Local Boards of the State Bank of India with a view to increasing the powers of the Local Boards so as to eliminate delays in the disposal of the bank's business and to increase all-round the efficiency of the bank.

76. In exercise of the powers conferred on the Reserve Bank by Sections 45K and 45L of the Banking Laws (Miscellaneous Provisions) Act, 1963, to which a reference was made in the previous Report, the Reserve Bank issued three Orders on May 14, 1964, requiring non-banking companies and financial institutions to furnish in prescribed forms information relating to or connected with the receipt of deposits from the public, and other business allied to banking for the five half years ending March 1964. In all some 2,300 companies submitted returns, of which 1,789 had deposits as on March 31, 1964.

77. An analysis of the returns revealed that (i) there was a substantial and progressive increase between March 31, 1962 and March 31, 1964 in the number of companies reporting deposits and the amount of such deposits, (ii) the share of deposits from the public constituted a predominant proportion of the total deposits followed by those from joint-stock companies, (iii) the interest rates offered by these institutions, particularly private companies, were much higher than those offered by selected major scheduled banks and (iv) deposits with no fixed period of maturity but withdrawable on demand or on the expiry of the specified period of notice formed a large proportion of total deposits. It was also observed that, in the mobilization of deposits, non-financial and public companies played a dominant role. Measures are at present being formulated, in the light of these data, for the regulation of the business of acceptance of deposits by non-banking companies.

78. The three Orders dated May 14, 1964, referred to above, have now been superseded and three fresh Orders have been issued, mainly with a view to remove doubts as to whether companies accepting deposits from their shareholders only and from none else are covered by the Orders. The fresh Orders make it clear

that companies should file the returns, whether the deposits have been received from thir shareholders or from any other person or party; the effect of this is that companies accepting deposits from shareholders only, shall also now submit returns.

Industrial Finance: Industrial Development Bank and Other Term-lending Institutions:

79. As stated in the last Report, the Industrial Development Bank of India, a wholly owned subsidiary of the Reserve Bank, started functioning since July 1, 1964; a detailed account of the operations of the Bank is available in the Industrial Development Bank of India's Annual Report which is issued separately: In the interest of better co-ordination, the Industrial Development Bank of India took over the business of the Refinance Corporation for Industry Ltd. on September 1, 1964 and has continued to provide refinance facilities to eligible credit institutions against industrial loans as well as export credits and guarantees in respect of advances made to colliery units in the private sector. Moreover, as the Industrial Development Bank of India can provide refinance to a larger number of financial istitutions and for longer periods than the Refinance Corporation for Industry Ltd. and its statute does not inhibit extension of refinance against loans in terms of size of the borrowing concern or size of the loan, a modified and somewhat liberalised scheme for refinancing industrial loans has been introduced in November 1964. The minimum limit prescribed earlier by the Refinance Corporation for Industry Ltd. as to the amount of export credit/contract for which refinance may be sought and the ceiling on the total amount of export credits which may be refinanced in respect of any one exporter were also removed.

80. For the purpose of ensuring more effective control and co-ordination, the shares of the Industrial Finance Corporation held by the Government and the Reserve Bank of India of the face value of Rs. 2·83 crores were acquired by the Industrial Development Bank of India and additional shares of the value of Rs. 1·34 crores were issued to it to make its holding 50 per cent of the paid-up capital of the Corporation. The Industrial Development Bank of India also subscribed to the bonds issued by six State Financial Corporations during the year to the extent of Rs. 1·94 crores (face value) and shares issued by the Madras Industrial Investment Corporation Ltd. to the extent of Rs. 25 lakhs.

81. Direct financial assistance provided by the Industrial Development Bank of India has mainly taken the form of underwriting of shares issued by industrial concerns. During the year July 1964—June 1965, the Industrial Development Bank of India sanctioned 28 applications for underwriting of shares involving commitment of Rs. 6·85 crores. Although loans sanctioned during the year aggregated Rs. 16·19 crores in respect of eight industrial concerns, no amount was disbursed. Guarantees were provided to the extent of Rs. 4·46 crores in respect of three concerns.

82. Under the scheme of refinancing of industrial loans, 124 applications for Rs. 24·59 crores were sanctioned as against 176 applications for Rs. 23·13 crores, sanctioned by the Refinance Corporation for Industry Ltd. in 1963-64; the amount disbursed was also higher at Rs. 21·17 crores as against Rs. 18·80 crores in 1963-64. Under the scheme for refinancing of medium-term export credits, Rs. 21·42 lakhs were sanctioned in respect of one application but there were no disbursements during the year. In respect of loans to colliery units in the private sector, eleven guarantees for Rs. 0·43 crore were issued as against 26 guarantees to the tune of Rs. 2·84 crores issued by the Refinance Corporation for Industry Ltd. in the previous year.

83. With a view to encouraging commercial banks to grant adequate credit to indigenous machinery manufacture, the growth of which is essential in the context of rapid industrialisation, the Industrial Development Bank of India introduced a scheme for rediscounting of bills of exchange/promissory notes arising out of sales of indigenous machinery on deferred payment basis discounted by approved banks and other financial institutions and having a maturity of six months to five years. The facilities are at the moment restricted to cotton textiles, silk and art silk, jute, cement, sugar and paper machinery manufacturing industries. Under the scheme, limits aggregating Rs. 7·95 crores were sanctioned to seven credit institutions and bills to the extent of Rs. 8·90 lakhs were discounted.

84. As the capital market was subdued, the various other financial institutions like the Industrial Credit and Investment Corporation of India, the Industrial Finance Corporation and the State Financial Corporations continued to play an important role in granting loan and other assistance, particularly underwriting support, to industries. The magnitude of financial assistance sanctioned by the Industrial Credit and Investment Corporation of India during the year ended March 31, 1965 at Rs. 23·1 crores was more or less of the same order as in 1963-64, which was Rs. 23·3 crores. Disbursements at Rs. 17·0 crores were, however, substantially higher than Rs. 11·4 crores in the previous year. Of the total assistance approved in 1964-65, a little more than half i.e., Rs. 12·2 crores was rupee assistance in the form of loans, underwriting of and direct subscriptions to shares and debentures, while the rest constituted foreign currency assistance. The Corporation has, during a decade of its existence, sanctioned a total financial assistance (net) of Rs. 102·3 crores to 328 companies of which 156 were new undertakings. The loans and advances outstanding of the Industrial Finance Corporation of India and the State Financial Corporations rose by Rs. 13 crores and Rs. 9 crores, respectively, during the year ended June 30, 1965 as against a rise of Rs. 9 crores each in the previous year. In addition, the Industrial Finance Corporation as well as some of the State Financial Corporations also subscribed to shares and debentures of industrial concerns mainly in fulfilment of their underwriting obligations. The bulk of the investment in shares was accounted for by the Industrial Finance Corporation and the Madras Industrial Investment Corporation Ltd.

85. With the increasing demand for industrial credit, there was a need for the term-lending institutions to raise fresh resources and replenish their working funds. In order to augment its foreign exchange resources, the Industrial Credit and Investment Corporation of India obtained from the World Bank a sixth line of credit of U.S. $ 50 million (Rs. 23·8 crores). Three further lines of credit, one for D.M. 10 million (Rs. 1·2 crores) and two for D.M. 5 million each (Rs. 59·5 lakhs each) were also secured during the year from the Kreditanstalt fur Wiederaufbau (Reconstruction Loan Corporation) of the Federal Republic of Germany, thus bringing the total amount of credit from the Kreditanstalt to D.M. 40 million. In view of the increasing magnitude of its borrowings and loan operations, the Corporation has also decided to issue additional capital of Rs. 2·5 crores by issue of 'rights' shares in the ratio of 1:2 thereby raising its paid-up capital to Rs. 7·5 crores. During the year, the Industrial Finance Corporation issued fresh bonds for Rs. 6 crores as well as a conversion issue for Rs. 4·5 crores in place of the bonds maturing in August 1964. The State Financial Corporations also issued bonds as a result of virtual exhaustion of the resources of some of them. Bonds for an aggregate amount of Rs. 6·75 crores were issued by eight Corporations. Besides, some State Financial Corporations accepted fixed deposits from the public while the Madras Industrial Investment Corporation Ltd. also accepted call deposits as well as issued cash certificates. The State Financial Corporations continued to avail of the facilities of short-term borrowing from the Reserve Bank under Section 7(2)(a) and medium-term credit under Section 7(2)(b) of the State Financial Corporations Act, 1951. Some of the State Financial Corporations also availed of refinancing facilities from the Industrial Development Bank of India.

86. Following the increase in the Bank rate in September 1964 and February 1965, the various term-lending institutions stepped up their effective lending rates. The effective lending rates of the Industrial Development Bank of India and the Industrial Finance Corporation are now 8 per cent while those of the State Financial Corporations between 8 and 9 per cent representing an increase of 1 to 1½ per cent. The rate for refinancing of industrial loans was raised to 6½ per cent. With a view to encouraging exports, however, the Industrial Development Bank of India decided not to raise the interest rate in case of medium-term export credit, which continues to be at 4½ per cent, provided banks do not charge more than 6 per cent to the exporters. This was in line with the policy of making export credit available at minimum cost followed by the Reserve Bank, which also continued to make advances to the schedule banks under the Rupees Export Bills Scheme at the Bank rate irrespective of the net liquidity position of the borrowing bank.

87. In terms of Section 37A of the State Financial Corporations Act, 1951, seven State Financial Corporations, *viz.*, those of Gujarat, Uttar Pradesh Orissa, Kerala, West Bengal, Andhra Pradesh and Jammu and Kashmir were inspected by the Reserve Bank of India during the year.

88. Mention was made in the last year's Report of the recommendations made by the Working Group on State Financial Corporations for promoting the growth

of these Corporations to the stature of development banks. On the lines of one of the recommendations of the Working Group, the Reserve Bank of India set up the National Industrial Credit (Long-term Operations) Fund with effect from July, 1, 1964. One of the objects of the Fund is to make loans and advances to the Industrial Development Bank of India for purchase of or subscription to stocks, shares, bonds or debentures issued by State Financial Corporations and other notified financial institutions. The total amoun[illegible] to the Industrial Development Bank of India out of this Fund a[illegible] June 30, 1965 was Rs. 2·17 crores; out of this, the Industrial [illegible]f India utilised a sum of Rs. 1·92 crores for subscribing to th[illegible] Financial Corporations and Rs. 25 lakhs for subscribing to the shares of Madras Industrial Investment Corporation Ltd.

Financing of Small-Scale Industries:

89. The question of augmenting the flow of assistance to the small-scale sector continued to receive the attention of the Bank. The Government of India's scheme for the guarantee of advances granted by specified banks and financial institutions to small-scale industries, which is being administered by the Reserve Bank since July 1960, has been liberalised from time to time in the light of the experience gained in the working of the scheme. This scheme, which completed five years at the end of June 1965, has made considerable progress over the years, the total amount of applications received for guarantee rising from Rs. 3·45 crores in 1960-61 to Rs. 39·29 crores in 1964-65 and the amount covered by the guarantee from Rs. 2·81 crores to Rs. 29·47 crores. Since the inception of the scheme upto the end of June 1965, 20,209 applications for guarantee in respect of credit limits aggregating Rs. 85·47 crores were received and 16,224 guarantee were issued in respect of 16,155 applications for Rs. 66·22 crores. Most of the applications for guarantee continue to be received from the State Bank of India, although other specified credit institutions are increasingly availing themselves of the facility.

90. During the year, the Reserve Bank as the Guarantee Organisation received a much larger number of 9,015 applications for an amount of Rs. 39·29 crores as against 5,343 applications for an aggregate amount of Rs. 23·08 crores in 1963-64. The amount covered by the Guarantee Organisation rose to Rs. 29·47 crores in 1964-65 as against Rs. 17·95 crores in the previous year.

91. The State Bank's assistance to small-scale industries under the liberalised scheme of finance also improved further during the year. The number of units assisted and credit limits sanctioned to them for working capital purposes rose to 6·358 and Rs. 34·26 crores on March 31, 1965 from 4,356 and Rs. 20·41 crores, respectively, as on March 31, 1964. The amount of outstanding advances also rose to Rs. 17·9 crores from Rs. 10 crores during the same period. Medium-term loans to small-scale industries for expansion and modernisation, loans under the Instalment Credit Scheme introduced in 1962 for facilitating purchase of equipment or machinery by small and medium-sized business and financial assistance to industrial cooperatives continued to be given by the State Bank on an increasing scale.

92. Under the guarantee scheme of the National Small Industries Corporation, the State Bank continued to provide credit facilities for working capital purposes. During the year, the State Bank also extended indirect assistance to small-scale industries by sanctioning credit to seven Small Industries Corporations functioning in various States. The Bank has also commenced granting advances to units in the Rural Industries projects constituted by the State Governments.

Unit Trust of India:

93. A reference had been made in the last year's Report to the organisation, objectives and functions of the Unit Trust of India set up with a view to strengthening the institutional framework for medium and longterm finance. The Unit Trust of India commenced the sale of units from July 1, 1964. Applications for units during the year ended June 30, 1965 totalled 1,34,724 for a sum of Rs. 19·13 crores. Of this, Rs. 17·38 crores were received during the period July 1, 1964 to August 14 1964 when the units were being sold at par. The total repurchases of units—which commenced from November 16, 1964—were very small amounting to only about Rs. 40 lakhs till the end of June 1965, the amount of units re-purchased working out to only 2·1 per cent of the total amount raised during the year. The bulk of subscriptions were from individuals, who accounted for as much as Rs. 17·7 crores, the amount contributed by institutions being only Rs. 1·4 crores. The average holding in respect of individuals was Rs. 1,300. In addition to the fiscal concessions by which income upto Rs. 1,000 from units received by an individual unit holder is free from income tax, it has also been now provided that for purposes of surcharge on income-tax, income from the Trust in the case of

individuals or undivided Hindu families will be treated as 'earned income' like interest on Central and State Government securities. This should assist in further enhancing the attraction of units amongst investors.

94. The Unit Trust's investment policy is to secure maximum income consistently with safety of capital and with this end in view, the Trust has built up a portfolio, which is balanced between the fixed income bearing securities and variable income bearing securities. Out of the Trust's total funds of Rs. 24·6 crores as on June 30, 1965 (including initial capital of Rs. 5 crores), ordinary shares of corporate enterprises accounted for Rs. 9·5 crores (38·7 per cent), debentures for Rs. 9·3 crores (37·9 per cent), preference shares for Rs. 1·9 crores (7·7 per cent) and bonds of public corporations for Rs. 0·7 crores (2·8 per cent), Rs. 0·7 crore represented advance deposits for purchase of debentures, the balance of Rs. 2·5 crores (10·0 per cent) being call and term deposits.

95. The Unit Trust has so far invested its funds in the securities of over 250 industrial enterprise, mainly, manufacturing, financial and public utility concerns. Practically all of them are paying interest or dividend regularly. In addition to investing in existing shares and securities of companies, the Trust has also embarked, albeit in a limited way, upon providing underwriting facilities for new issues of debentures and preference shares by established enterprises. Thus, by these operations during the year, the Trust has been making a contribution, though modest at this stage, towards lending support to the share markets and providing capital to deserving industrial enterprise for their expansion programmes

96. During the first year of its working, the Unit Trust has declared a dividend to the unit holders of 6·10 per cent per annum. This will be distributed to individual unit holders who are resident in India without income-tax being deducted at source. Since income from the Trust upto Rs. 1,000 is free of tax, the gross rate for individuals would work out to 7·62 per cent per annum.

97. The Unit Trust has made a good beginning, the response to the scheme being encouraging so far. The Trust is contemplating various other types of schemes such as High income, Capital Growth Scheme and Savings Plan including Children's Gift Plans for catering to the investment preferences of the various classes of investors and it is expected that the Trust will be able to tap a significantly larger volume of savings in the future and to divert them for rapid industrial development under the Fourth Five-Year Plan.

Strengthening of the Banking Structure:

98. The process of strengthening of the banking structure through amalgamations of weaker units with stronger instiutions and through inspection and supervision continued during the year. Eight banks were voluntarily amalgamated with five other banks under Section 44A of the Banking Companies Act, 1949 while fifty-seven banks transferred their liabilities and assets to 19 other banks. The corresponding figures for the last year were five and twenty-five, respectively. In addition, the business of three banks was acquired by the subsidiaries of the State Bank of India. The process of integration of minor state-associated banks with the State Bank of India and its sub-sidiaries which commenced in 1957 was completed during the year with the acquisition of the business of the Dewas Senior Bank Ltd., by the State Bank of Indore as from March 20, 1965. As regards reconstruction/amalgamation of banks under Section 45 of the Banking Companies Act, 1949, six more banks were granted moratorium on the recommendation of the Reserve Bank of India, thus bringing the total number of banks to which moratorium was granted so far to 54. Schemes of amalgamation in respect of six banks were brought into force during the year as against four in the previous year. Eleven non-scheduled banks went into voluntary liquidation after obtaining a certificate from the Reserve Bank under Section 44(1) of the Banking Companies Act, 1949, while two non-scheduled banks were ordered to be wound up by the High Court of Calcutta. Certificates under Section 44(1) of the Banking Companies Act, 1949 have been issued to another eighteen banks to enable them to go into voluntary liquidation.

99. In pursuance of the objective of annual inspection of all banks with a view to keeping a continuous and closer watch on their affairs, 56 scheduled and 57 non-scheduled banks were inspected during the year under Section 35 of the Banking Companies Act, 1949. Out of these, inspection of one non-scheduled bank was for the purpose of issue of certificate under Section 44(1) to facilitate its voluntary liquidation, and that of two other non-scheduled banks under Section 44B for submitting a report to the Court in connection with the sanctioning of

arrangements with their creditors. In addition, scrutiny of the affairs of 63 banks was carried out for various other purposes, the more important of which were: (i) judging whether there is a *prima facie* case for misfeasance proceedings, (ii) assessing their financial position, (iii) investigating certain unhealthy practices (iv) assessing the impact on the transferee banks of the acquisition of the business of other banks and (v) issuing of certificates under Sections 44(1) and 49(C), etc.

100. After examining the comments/representations of the banks concerned on the inspection reports, periodical progress reports in respect of the rectification of defects pointed out to them were called for from 38 banks. There are at present 45 banks submitting monthly progress reports and another 35 banks submitting quarterly progress reports. In suitable cases, representatives of banks were also called for informal discussions with a view to bringing pointedly to their notice the important defects in the working of the institutions concerned and impressing upon them the necessity of taking expeditious steps for removing the defects. In cases where the findings of the inspection called for stricter control over the affairs of the concerned banks, suitable directions were issued to them for compliance. There are at present 39 banks (10 scheduled and 29 non-scheduled) working under directions. In some cases, observers are also deputed to attend the Board/Committee meetings of the banks and to carry out periodical scrutiny of their current affairs.

101. Regarding the facility of insurance cover provided by the Deposit Insurance Corporation, no new bank was registered as an insured bank during the year. Though the number of insured banks declined to 138 at the end of June 1965 from 229 at the end of June 1964, this was mainly the result of voluntary amalgamations and transfers of assets and liabilities including deposits, to other banks.

102. Of the banks whose registration was cancelled during the year, the liability of the Corporation to pay for the insured deposits arose in the case of four banks which were amalgamated with other banks in terms of Section 45 of the Banking Companies Act, 1949. The respective claims aggregating Rs. 10·62 lakhs were duly met. With the payment of these claims, the total claims met by the Corporation since its inception in January 1962 amounted to Rs. 38·89 lakhs and related to nine banks. Reimbursements amounting to Rs. 1·97 lakhs in respect of the claims paid were received from five banks during the period under report, bringing the total reimbursements so far received to Rs. 11·87 lakhs in the case of an equal number of banks.

Branch Expansion Policy and Programmes:

103. A detailed reference was made in the last year's Report to the branch licensing policy followed by the Bank with its emphasis on the spread of banking facilities to unbanked or underbanked areas, notably to semi-urban and rural areas and the three-year expansion programme drawn up by the commercial banks (other than the State Bank of India and its subsidiaries) for the purpose. The year 1964-65 broadly covered the last phase of this programme. Since the commencement of the programme in August 1962 till June 1965, the Reserve Bank issued to banks, licences for opening 593 new offices of which 222 are for centres not having any modern banking facilities. Of the total, 220 licences were issued in 1964-65, including 75 for opening offices at unbanked centres. In addition, the Bank has indicated its approval of proposals to open 53 more offices of which 24 will be at unbanked centres. Under the licences already issued, 498 new offices have been already opened and 110 are expected to be opened before the expiry of the programme, thus bringing the total number of offices which may be opened by the Indian commercial banks (other than the State Bank of India and its subsidiaries) under the current expansion programme to 608 (382 at banked centres and 226 at unbanked centres). In view of the advantages of a co-ordinated and planned extension of banking facilities and the satisfactory progress made by banks under the current programme, it is proposed to follow it up by another programme extending over a period of two years from August 1, 1965. Accordingly, the banks have been advised to draw up and submit to the Reserve Bank their programmes for approval in advance. The banks have also been advised to endeavour to open offices in places with inadequate banking facilities, particularly in those regions where the pace of progress of opening of offices has been comparatively slow.

104. It may be recalled that the State Bank of India in its second phase of expansion between July 1, 1960 and June 30, 1965 had undertaken to open 300

branches between itself and the subsidiaries. It had also undertaken to open an additional 319 branches under the third accelerated five-year programme of expansion between January 1, 1964 to 1968. During the year, the State Bank of India and its subsidiaries opened 148 branches, of which 114 were under the expansion programme. The total number of offices of the State Bank of India and its subsidiaries increased to 1,834 at the end of June 1965 as against 1,686 at the end of the previous year. As regards the new offices opened by other scheduled banks (*i.e.*, other than the State Bank of India and its subsidiaries), apart from 108 offices opened with the merger and/or taking over of the assets and liabilities of non-scheduled banks, 74 new offices were opened at places not formerly served by either a scheduled bank or a non-scheduled bank having a paid-up capital or reserve of over Rs. 50,000. In addition, 188 offices were opened at other centres as against closure of 21 offices. Thus, the total number of offices of all scheduled banks rose by a record figure of 497 to 5,719 at the end of June 1965.

105. The establishment of clearing houses in new centres as a part of the larger programme of extension of banking facilities, made further progress during the year. Four more Clearing Houses were established, bringing the total number of Clearing Houses functioning in the country to 81 at the end of June 1965. Of these, 7 were managed by the Reserve Bank, 60 by the State Bank, 13 by the subsidiaries of the State Bank and one by a commercial bank.

III. DEVELOPMENTS IN CO-OPERATIVE BANKING

106. The major development of the year in respect of co-operative banking was the introduction of legislation in the Parliament for enabling the Reserve Bank to assume powers of statutory regulation over co-operative banks. The increasing dimensions of their financial operations, the growing quantum of their deposits, diversification of their responsibilities and the important role expected to be played by them in the financing of increased agricultural production are among the factors which have invested the working of these banks with significance as an integral part of the country's banking structure and made it imperative that they be brought under a common discipline with the rest of the banking system. The expanding volume of co-operative agricultural credit, largely supported by financial accommodation from the Reserve Bank, has also brought to the fore the need to make such credit purposeful and production-oriented. Further progress was made during the year to press forward with the implementation of the crop loan system which should help to link credit closely to needs of production outlay and, as such, constitutes a major feature of the Action Programme for Co-operative Development referred to in the last year's Report. Impact of natural calamity being a major factor causing dislocation in the working of the co-operative banking structure, a scheme was finalised during the year, on the Bank's initiative, for suitably strengthening agricultural credit stabilization funds at the levels of the State and central co-operative banks and operating these arrangements with the assistance of the National Fund held by the Reserve Bank. The pace of co-operative development has, however, remained uneven in the country as a whole, with stagnation or even retrogression in credit being noticed in certain areas. It was for reviewing the existing position in such areas in relation to the urgent need for increasing agricultural production and the role assigned to co-operative credit in that context, that an Informal Group on Institutional Arrangements for Agricultural Credit was convened by the Bank during the year. While, recognising the co-operatives as the most suitable agency for the dispensation of agricultural credit, the Group has recommended, as a transitional arrangement, the establishment of agricultural credit corporations in the Eastern States and Rajasthan where co-operative credit has made little headway. The co-operative credit structure in each of the States will thus be enabled to concentrate, in the immediate future, on reorganising and strengthening itself without being burdened with an expanding coverage and clientele and, in due course, to equip itself to take over the full responsibility for institutional agricultural credit and make it possible for the corporations to be withdrawn from the scene.

Co-operative Credit Policy, Procedure and Operations:

107. Progress in implementation of the crop loan system with its emphasis on production-oriented credit integrated with marketing, which is a basic feature of the accepted policy of co-operative development has been very satisfactory only in one or two States, but a few other States have also started moving in this direction. In the rest of the States, however, certain restrictive features which militate against progress towards a rational lending system on these lines continued to operate. The Bank, therefore, requested the Registrars of Co-operative

Societies to advise the State and central co-operative banks to review their existing loan policies and to revise them suitably so as to conform to the crop loan system in all its aspects. They were also informed that the progress of banks in this respect would henceforth be taken into account while providing short-term financial accommodation from the Bank.

108. It was the practice for many years for the Bank's credit limits for seasonal agricultural operations and marketing of crops in respect of States where the co-operative movement was relatively less developed, to be sanctioned only against the guarantee of the respective State Governments. On the suggestion of some State Governments and cooperative banks that the Reserve Bank might dispense with this guarantee at least in respect of banks which had attained a fair level of operational efficiency and financial strength, this question was examined during the year and it was decided to give the option to 'A' and 'B' class central co-operative banks which had hitherto furnished the guarantee of the State Government for borrowing made on their behalf by the State co-operative banks, to apply for credit limit for the years 1965-66 onwards without such guarantee and on their own second signatures.

109. Mention was made in the last year's Report of the exemption granted to 'C' class central co-operative banks raising funds from the Bank, through their State co-operative banks, against State Government guarantee, from the maintenance of adequate cover in the form of non-overdue loans outstanding against affiliated societies for the borrowings from the Bank. On a review of the position, it was decided to continue the exemption during 1964-65 as it was felt that the imposition of the condition might cause hardship to such 'C' class banks and that they should be given some more time to be able to conform to the requirement. At the same time, banks were required to take effective steps to reduce their overdues so as to be able to satisfy the condition from the year 1965-66. The Registrars of Co-operative Societies were accordingly advised in June 1965 that the condition of the insistence on non-overdue cover would apply to these banks too in 1965-66, though relaxation might be considered in very special cases.

110. The procedure regarding short-term borrowing by the State co-operative banks from the Reserve Bank against Government guarantee under Section 17 (4)(c) of the Reserve Bank of India Act on behalf of their affiliated central co-operative banks was modified during the year, with the State co-operative banks being required to lodge the pronotes of central co-operative banks, as is the case with banks borrowing under Section 17(2)(b), in addition to the deeds of guarantee executed by their respective State Governments and the pronotes given by them. Alongside this change in procedure, the due dates for repayment of loans to the Reserve Bank came to be regulated with reference to the dates of maturity of the pronotes of central banks lodged with the Reserve Bank and not at the end of twelve months from the dates of drawal of the loans by the State co-operative banks.

111. With a view to promoting an effective link between co-operative credit and marketing it was decided to impose the following two conditions in respect of funds drawn from the Reserve Bank for financing the marketing of crops. Firstly, when produce pledge loans are provided against the security of agricultural produce, short-term agricultural loans advanced earlier for raising the produce and the instalment of any medium-term loan must necessarily be recovered from out of them. For enabling the marketing society to recover the dues of the credit society, the latter should furnish a list of members from whom short-term and medium-term loans are due. Loans against pledge of produce may be advanced by marketing societies to persons who are not members of credit societies or are not indebted to them, only if they furnish a certificate to that effect from the primary credit society of the village to which they belong. Secondly, produce pledge loans may be advanced only to those agriculturists who agree in writing to sell their produce through the marketing society to which the credit society is affiliated or through the credit society itself if the latter is acting as a commission agent.

112. During the year, the Bank had also occasion to review the principles which should guide co-operative banking institutions in financing co-operative marketing, processing and consumers stores societies particularly in the context of the role assigned or likely to be assigned to these societies under various schemes of State/Central Governments for the procurement of foodgrains, distribution of consumer goods etc. In March 1965 a circular was issued to the Registrars of Co-operative Societies indicating the basic principles which should guide co-operative banks in this behalf.

113. In the sphere of medium-term loans, as it was observed that the available facilities from the Reserve Bank were not being fully utilised, certain suggestions were communicated by the Bank to the State co-operative banks for improving the position in this regard. One of the measures suggested was that a State co-operative bank might sanction interim cash credit limits to its affiliated central co-operative banks in cases where the latter banks had no resources of their own for advancing loans in the first instance before approaching the State co-operative bank for reimbursement. Such cash credits are, however, to be converted into medium-term loans at the earliest opportunity and in any case before the close of the relative co-operative year. Secondly, it was suggested that the State and central co-operative banks might usefully approach the State Bank of India for financing certain types of societies such as marketing societies, consumers' stores etc., so that their own resources utlised in such finance would be released and become available for issue of medium-term loans for agricultural purposes. The Bank on its part agreed to waive the condition regarding the maintenance of basic level of advances (*i.e.*, medium-term loans advanced by central banks out of their own resources as on 30th June, 1962) where it was less than Rs. 1 lakh. In the case of other central banks also, it was specified that if any of them felt that the basic level required to be maintained was high it might apply for a reduction giving reasons.

114. Consequent upon the increase in the Bank rate from 4½ per cent to 5 per cent with effect from September 26, 1964 and from 5 per cent to 6 per cent from February 17, 1965, the effective rates of interest on advances to State co-operative banks were increased by ½ per cent and 1 per cent, respectively. It was, however, decided that the outstandings of advances granted upto and including September 25, 1964 and February 16, 1965 would continue to be charged interest at the same rate at which they had been originally granted.

115. The State Governments were advised that due to stringent conditions in the money market and various other developments, the three public sector institutions, *viz.*, the Life Insurance Corporation, Reserve Bank of India and State Bank of India would be in a position to extend support to the land mortgage bank debentures of Rs. 35·00 crores to be floated during the financial year 1965-66. Scheduled banks were requested to continue their support to these debentures during the financial year 1965-66.

116. The volume of financial accommodation provided by the Bank to State co-operative banks registered a futher rise during the year. Credit limits for short-term agricultural purposes, including special limits under the Package Programmes sanctioned to State co-operative banks at the concessional rate of 2 per cent below the Bank rate were higher at Rs. 200 crores, as against Rs. 186 crores in the previous year. A security-wise breakdown of the limits granted during the year shows that 50·5 per cent of the limits (Rs. 101 crores) was against the security of co-operative paper bearing two good signatures, one of which was that of a State cooperative bank and the other that of an affiliated central co-operative bank and that 43·5 per cent (Rs. 87 crores) was covered by Government guarantee; the balance of Rs. 12 crores (6 per cent) was against the pledge or repledge of Government or other eligible securities. Drawals aggregated Rs. 254 crores during the year, while repayments were Rs. 250 crores; in the result, the outstandings at the end of June 1965 at Rs. 151 crores were higher by Rs. 4 crores over the position at the end of the previous year. In addition to the seasonal accommodation at the concessional rate, short-term finance amounting to Rs. 15 crores was also made available at the Bank rate to certain apex banks for general banking purposes.

117. The medium-term credit limits sanctioned by the Bank for 1964-65 for agricultural purposes aggregating Rs. 14·39 crores were more or less the same as last year. The drawals on these limits during the year, however, amounted to only Rs. 7·91 crores, constituting 55 per cent of the loans sanctioned, and repayments aggregated Rs. 6·59 crores. The amount outstanding against the State co-operative banks as on June 30, 1965 was Rs. 14·32 crores.

118. With a view to bringing the procedure for the accommodation provided by the Bank to the Central banks for financing hand-loom weavers' societies in line with that adopted for short-term loans for agricultural purposes and also ensuring that repayments of loans drawn by State co-operative banks on behalf of central co-operative banks are regulated with reference to dates of execution of pronotes of the central banks concerned, it was decided that the due date for repayment of loans drawn by State co-operative banks for financing handloom weavers' societies should be reckoned with reference to the date of maturity of the pronotes of central banks lodged with the Bank and not at the end of 12

months from the date of drawal by the State co-operative bank from the Bank as hitherto.

119. On a representation made by central banks and the Registrars of Co-operative Societies and in order to enable the State and central co-operative banks to make greater use of the financial accommodation from the Bank under Section 17(2)(bb) of the Reserve Bank of India Act, they were permitted from 1961 onwards to draw upon the credit limits fixed by the Bank, to the extent of cash credit limits sanctioned by them to weavers' societies instead of to the extent of the outstandings against these societies. On a review of the position it was found that the drawals and repayments against the credit limits from the Bank, on this basis, were not related to the operations on credit limits sanctioned to weavers' societies by the co-operative banks and that in several cases, the banks drew upon credit limits from the Bank mostly in the month of March and made repayments also in the same month. In order, therefore, to regulate the operations on the credit limits sanctioned by the Bank for financing handloom weavers' societies, it was decided, in consultation with the Standing Advisory Committee, that the drawals by the State and central co-operative banks might be strictly on a reimbursement basis and also that the drawals made by central co-operative banks might not exceed the outstandings against the weavers' societies as at the end of each month. It was decided to give effect to this decision from July 1, 1965 in respect of banks and societies in the States of Madras, Andhra Pradesh, Maharashtra and Gujarat, and to introduce it gradually in the other States. Further, with a view to rationalising the financing of weavers' societies at the central bank level, the Registrars of Co-operative Societies of the former four States were also requested to advise the central banks to adopt the criteria recommended by the Standing Advisory Committee for the renewal and operation of the cash credit limits sanctioned to such societies for the production and marketing of handloom cloth.

120. The credit limits sanctioned for financing the production and marketing activities of handloom weavers' co-operative societies for the financial year 1964-65 at the concessional rate of 1½ per cent below the Bank rate, under Section 17(2)(bb) or (4)(c) of the Reserve Bank of India Act remained more or less, at the level of the previous year, *viz.*, Rs. 6 crores. The drawals on these limits aggregated Rs. 5 crores and the outstandings at the end of the year also amounted to Rs. 5 crores. In addition, the Bank sanctioned limits aggregating Rs. 1 crore at the Bank rate under Section 17(2)(a) or (4)(c) of the Act for financing commercial or trade transactions of the apex handloom weavers' co-operatives.

121. Loans sanctioned by the Bank from the National Agricultural Credit (Long-term Operations) Fund to State Governments to enable them to subscribe to the share capital of co-operative credit institutions during the year 1964-65 totalled Rs. 4·35 crores as against Rs. 3·35 crores in 1963-64. No amount has so far been utilised from the National Agricultural Credit (Stabilisation) Fund.

122. The Bank continued its policy of support to the debenture of central land mortgage banks. During the year, fourteen central land mortgage banks issued ordinary debentures for a total sum of Rs. 35 crores, of which nearly Rs. 6 crores or 17 per cent were taken by the Bank, while the co-operative institutions, the State Bank of India and the Life Insurance Corporation subscribed for about Rs. 23 crores of the amount issued. The Bank's support to the rural debentures issued by the central land mortgage banks continued to be linked to the response from the public in the proportion of 8:7. Rural debentures for Rs. 3·23 crores were floated by the central land mortgage banks in Gujarat, Maharashtra, Andhra Pradesh, Madras, Punjab and Orissa. The contributions made by the Bank to rural debentures of these banks which had closed the issue by the end of the year amounted to Rs. 40·51 lakhs. The Bank's holdings in rural and special development debentures rose to Rs. 4·75 crores at the end of the year from Rs. 4·09 crores at the end of the previous year.

123. During the year 317 co-operative banks (including one urban bank) and 10 other societies were inspected by the Agricultural Credit Department as against 365 co-operative banks and 7 other societies inspected during 1963-64. In addition to this, 70 quick inspections of the banks in the Intensive Agricultural Areas Programme districts were also conducted by the Department during the year in order to ascertain the credit needs of the programme and the ability of the credit institutions to meet them

Co-operative Development Policy:

124. A reference has been made earlier to the Bill presented to the Parliament during the course of the year to enable the Reserve Bank to have statutory control over co-operative banks. The Bill seeks to extend certain provisions of the Reserve Bank of India Act and of the Banking Companies Act to the State co-operative banks, the central co-operative banks, and the more important primary non-agricultural credit societies including in particular, urban co-operative banks, for the purpose of regulating their banking business and matters connected therewith. The powers in regard to incorporation, management, liquidation, amalgamation etc., of these banks will, however, continue to vest in the Registrars of Co-operative Societies. Further, land mortgage banks and primary agricultural credit societies will remain completely outside the purview of the proposed control under the Banking Companies Act.

125. Under the proposed legislation the name of the Banking Companies Act, 1949 is to be changed to the Banking Regulation Act, 1949. Since the co-operative banks will be governed by two Acts *viz.*, Co-operative Societies Act of the State concerned and the Banking Regulation Act, fears were expressed in certain quarters that conflict may arise between the State Governments and the Reserve Bank of India. In this connection assurances have been given on behalf of the Bank as well as the Government of India that there will be the closest possible coordination between the State Governments and the Bank in the administration of the statutory control as applicable to co-operative banks. It has been agreed that the new Act in so far as it relates to co-operative banks will be administered by the Agricultural Credit Department of the Reserve Bank of India which is already familiar with the working of the co-operative banks and the co-operative credit structure.

126. An aspect of the working of co-operative banks which has assumed significance in this context relates to arrangements for the institutional insurance of their deposits, the need for which has come to be increasingly recognised. With the extension of certain important provisions of the Banking Companies Act and of the Reserve Bank of India Act to co-operative banks, it will be possible to have the necessary control over co-operative banks in regard to their banking business, except for matters relating to their constitution, management and liquidation. Since eventualities such as liquidation, amalgamation or reconstruction of banks admitted to the Deposit Insurance Corporation will entail liability on it, it is necessary from the point of view of the Corporation that co-operative banks should also be subject to the same degree of control of the Reserve Bank as the commercial banks in matters of liquidation, amalgamation, etc., before its insurance could be extended to cover the deposits of co-operative banks. It was, therefore, proposed that the Co-operative Societies Acts of the States should be suitably amended so as to vest the necessary powers in the Reserve Bank. As the concurrence of all the State Governments in this respect was not forthcoming, provisions relating to the extension of the deposit insurance facilities to co-operative banks could not be incorporated in the Banking Laws (Application to Co-operative Societies) Bill. It has, however, been indicated on behalf of the Government of India that a separate Bill for this purpose will be introduced in the Parliament as soon as there is an indication that the State Governments would agree to amend their Co-operative Societies Acts on the lines suggested.

127. The Bank's Standing Advisory Committee on Agricultural Credit which was redesignated as the Standing Advisory Committee on Rural and Co-operative Credit met four times during the year. Some of the important matters referred to the Committee for advice included the policy and procedure to be followed for building up and drawing upon the agricultural credit stabilisation funds, standards for a viable central co-operative bank, organisation of more than one central co-operative bank in a district, and policy for retirement of Government capital in co-operative credit institutions.

128. There has been an increasing degree of appreciation in the last few years of the need for arrangements to enable the co-operative banks to meet situations arising from the inability of agriculturists to repay their dues to agricultural credit societies in circumstances associated with continuous and widespread failure of crops resulting from draught, floods, pests and such other natural calamities. The Rural Credit Survey Committee recommended for this purpose the creation of agricultural credit stabilisation funds at apex and central bank levels. However, the progress made in this direction was not upto expectations. Considering the need for these arrangements in the context of the crucial role of co-operative credit in increasing agricultural production, the Bank finalised a detailed scheme for the establishment of the Agricultural Credit Stabilisation Funds and circulated it to all State Governments in October 1964.

For building up such funds it has been suggested that a minimum contribution of 25 per cent of net profits should be made each year to the Stabilisation Fund in each central and apex co-operative bank and that the entire dividend in excess of 3 per cent on the share capital held by the State Government in the co-operative credit institutions should be transferred to the Stabilisation Fund. In addition, with a view to strengthening these funds in the immediate future, it was also recommended that lump sum contributions to the funds at the apex bank level might be made by the State Government partly as grant and partly as loan, the quantum of such assistance being required to range between 5 per cent and 10 per cent of the outstandings of agricultural loans at the central bank level in the different States depending on their relative susceptibility to natural calamities. As for the operation of the stabilisation arrangements, the central co-operative banks are expected to absorb 15 per cent of the overdues arising from natural calamities from their own resources and stabilisation funds while the balance will be a charge on the stabilisation funds at the apex bank level. Only after the resources in the stabilisation fund of the apex bank have been fully utilised will assistance be available from the National Agricultural Credit (Stabilisation) Fund. The facility of conversion of short-term loans into medium-term loans for stabilisation purposes would be extended only if the anna-valuation of crops in the affected villages is six annas or less.

129. Detailed references have been made in the earlier Reports to the Intensive Agricultural District Programme and the Bank's role in it. During the year more blocks were brought under the programme resulting in a larger number of farm production plans being drawn up. The special credit limits sanctioned by the Bank on behalf of the central co-operative banks operating in the Intensive Agricultural District Programme districts amounted to Rs. 953.00 lakhs in 1964-65 as against Rs. 839.00 lakhs sanctioned in 1963-64.

130. The Deputy Governor in-charge of rural credit held discussions, as in the previous years, with the official and non-official representatives of the co-operative movement from the various States during January-June 1965, on the outstanding issues relating to co-operative development in the States

131. A reference was made in the last year's Report to the uneven pace of development of the co-operative credit structure as between different States and to the weaknesses of the credit institutions at different levels in terms of operational efficiency and financial soundness being a major impediment for a more rapid growth of the co-operative movement. Retarded progress of the co-operatives in some parts of the country has also had its repercussion in the field of agricultural production and a review was, therefore, undertaken to explore ways of resuscitating the credit structure. As indicated earlier, an Informal Group was constituted, with the Governor as the Chairman to examine the question of making special arrangements for agricultural credit in those States or certain areas of some States where co-operation had not progressed sufficiently. The Group which finalised its report during the year concluded that the co-operative agency still remained the best means of providing institutional agricultural credit and that the pattern of organisation should continue to be the three-tier federal structure. The Group has, however, recommended that Agricultural Credit Corporations might be set up in the weaker States to serve as transitional arrangements intended to enable the co-operatives to concentrate on the task of reorganising and strengthening themselves in certain areas where they have not made headway. The underlying expectation is that as the co-operatives get stronger and reach a stage of satisfactory and progressive performance in due course, they will take over the full responsibility for agricultural credit from the Corporations.

Agricultural Refinance Corporation:

132. The Agricultural Refinance Corporation continued to sanction long-term financial assistance for development of agriculture and allied activities. During the year under review, the Corporation sanctioned refinance to four central land mortgage banks in respect of nine schemes envisaging reclamation and development of land for utilising irrigation facilities provided by major projects, development of coconut plantation and horticulture. These schemes envisage a total financial outlay of Rs. 20·55 crores, the Corporation's commitment being Rs. 16·84 crores. The States which would be benefited by these schemes are Andhra Pradesh, Madras, Maharashtra and Madhya Pradesh. The Corporation has received various schemes from other States also for consideration.

133. As a result of certain relaxations made in the loan policies of the Corporation, following an on the spot study by the Corporation of the problems of the plantation industry in general and tea plantations in particular, and the appeal made by the Governor in a conference of the scheduled banks convened by the Corporation on January 25, 1965, the scheduled banks, which had hitherto been reluctant to enter into long-term financing for agricultural development, have

started evincing interest in this sphere. During the year under review, one scheduled bank was sanctioned re-finance facilities amounting to Rs. 4·46 lakhs in respect of a scheme for development of rubber plantation in Kerala State, while a few schemes of development of plantations received in one form or the other to be financed through scheduled banks are at various stages of consideration.

134. All these schemes, whether financed through the central land mortgage banks or scheduled banks, are to be implemented over a period of years and the actual disbursements of refinance in any one year would be small in relation to the total commitments made. Out of the total sanction of refinance of the order of Rs. 19·33 crores since the inception of the Corporation, as at the close of business on June 30, 1965 only one central land mortgage bank had floated three series of special development debentures in respect of three schemes for amounts aggregating Rs. 50 lakhs, the Corporation's contribution being Rs. 45 lakhs.

135. Consequent on the recent increase in the Bank rate from 5 to 6 per cent, the lending rate of the Corporation, which was 5½ per cent hitherto, has also been revised. In the case of co-operative financing agencies, the lending rate of the Corporation on the refinance facilities sanctioned by it after February 17, 1965 has been fixed at 6 per cent. In the case of scheduled banks, the Corporation would charge such a rate of interest (subject to a minimum of 6 per cent) as would restrict the margin to the financing bank to 2½ per cent.

IV. EDUCATION AND TRAINING

136. Considering the vital role of the training and education of banking personnel in the development of a sound banking system, the Reserve Bank has been sponsoring and organising, for over a decade now, appropriate courses for different categories of personnel of commercial and co-operative banks as well as its own staff. The Bankers' Training College set up in 1954, now conducts two general courses, one senior and one intermediate in commercial banking and two specialised courses, one in foreign exchange and the other in industrial finance. During the year under review, the College conducted two senior courses, four intermediate courses, two courses in foreign exchange and one in industrial finance in which 245 officials of commercial banks, State Financial Corporations etc. participated. Since its establishment in 1954, the College has conducted 46 senior courses in which 1,211 branch managers, agents, etc., have received training. The intermediate courses conducted since 1960, imparted training to 495 junior officers of commercial banks such as accountants, supervisors etc. The trainees in the four foreign exchange courses organised so far, numbering 90 were mainly from Indian banks dealing in foreign exchange business. In the five industrial finance courses held so far, 123 candidates drawn from the various State Financial Corporations and commercial banks have received training. In al, 1919 officials have received training in the four courses referred to above.

137. As indicated in the last year's Report, a pilot course on "Staff management in Banks", mainly covering problems relating to personnel and organization was conducted in the College in August 1964. In the light of experience gained it was decided to make this course a regular feature and accordingly the first regular course was organised in May-June 1965, in collaboration with the Indian Institute of Management, Calcutta, which was attended by 26 senior officers drawn from various commercial banks etc. The College also arranged two seminars, one of which was for top executives of commercial banks in which management problems faced by the banking industry were discussed and the other was arranged for the executives of the transferee banks (*i.e.* those which have taken over the business of other banks) in the Madras and Trivandrum areas for discussing various problems particularly those arising in the wake of amalgamations or mergers of banks.

138. Since the establishment of the Bankers' Training College by the Reserve Bank, some of the bigger commercial banks have set up training institutions of their own. The Reserve Bank keeps a watch on the activities of these institutions in order to ensure co-ordination between their activities and those of the Reserve Bank. The aim of the Reserve Bank is to supplement the efforts of the commercial banks in this field.

139. As stated in the last year's Report, the Reserve Bank has been running in Madras since August 1963 a Staff Training College for its junior supervisory staff. The College has been conducting a general course for improving the operational efficiency of the staff in this category. Two new courses have been started in the College recently, one for training the staff of the Department of Banking Operations and Development and the Agricultural Credit Department in inspection

techniques and procedures and the other an induction course for newly appointed junior officers. Zonal Training Schools are being run for the clerical staff at the junior level at Bombay, Calcutta, Madras, New Delhi and Nagpur. Arrangements are in hand for providing training to the clerical staff at the senior level and some courses have already been conducted for them in the Zonal Training Centre Bombay.

140. It will be recalled that the administration of the training scheme for co-operative personnel was transferred with effect from July 1, 1962 from the Reserve Bank of India to the Committee for Co-operative Training set up by the National Co-operative Union of India. The Reserve Bank is, however, represented on that Committee. In addition to the various existing courses that were being conducted by the Committee, a special course on Co-operative Audit was introduced during the year. In all, 356 candidates from co-operative institutions received training during the year.

141. The Agricultural Credit Department of the Bank continued to provide facilities for study to the Registrars of Co-operative Societies and other Senior Officers of the Co-operative Departments of State Governments as also to foreign visitors.

142. As a first step towards promotion of the use of Hindi in the Bank, classes have been started in the Fort Office, Bombay, to provide facilities for learning Hindi to the staff on a voluntary basis. After some experience is gained, the scheme will be extended to other centres.

Film on the Reserve Bank of India:

143. A general purpose documentary and educational film on the Reserve Bank of India has been prepared which will be used for imparting training to our employees particularly new entrants and those in junior cadres, and will also cover an important public relations aspect, *i.e.*, educating the public in regard to the functions of the Reserve Bank and its role in the economic life of the people. Earlier, when the Reserve Bank was associated with the administration of the training scheme for the personnel of co-operative institutions, a number of documentary films and film strips on various aspects of co-operation were prepared by the Central Committee for Co-operative Training, with the assistance of the Government of Canada under the Colombo Plan, for use in co-operative training centres.

V. ACCOUNTS AND OTHER MATTERS

144. During the accounting year ended June 30, 1965 the Bank's income after making statutory and other provisions, amounted to Rs. 62·27 crores as against Rs. 52·22 crores in the previous year. The expenditure, which included establishment expenses and provision for sundry liabilities and contingencies, amounted to Rs. 14·27 crores as against Rs. 12·22 crores last year. The net profit available for payment to Central Government was Rs. 48 crores against Rs. 40 crores paid in the previous year.

145. The contribution to the National Agricultural Credit (Long-term Operations) Fund was stepped up this year to Rs. 14 crores from Rs. 13 crores last year, while that to the National Agricultural Credit (Stabilisation) Fund remained unchanged at Rs. 1 crore. Besides, a sum of Rs. 5 crores was contributed to the National Industrial Credit (Long-term Operations) Fund as against the initial contribution of Rs. 10 crores made last year.

146. The rise of Rs. 10·05 crores in income this year was mainly due to increased earnings by way of interest on rupee securities and Loans and Advances and discount on Treasury bills, reflecting not only the larger security holdings and higher level of loans and advances but also the increase in interest rates. The rise of Rs. 2·05 crores in expenditure was mainly under the head "Establishment", "Security Printing", and "Agency Charges." The increase under "Establishment" was mainly due to increments granted to the staff in the time scales of pay; sanction of temporary *ad hoc* allowance to Junior Officers Gr. I and II and other Supervisory Staff from August 1964; payment of dearness allowance at enhanced rates to "Award Staff" owing to the rise in index figures as well as sanctioning of temporary additional dearness allowance to them from August 1964. The increase under "Security Printing" was due to the rise in the manufacturing cost of Bank Note Forms and increase in their supply and that under "Agency Charges" due to increased commission paid to the State Bank of India and its subsidiaries on account of larger turnover of Government transactions.

Auditors:

147. The accounts of the Bank have been audited by Messrs. S. B. Billimoria and Co. of Bombay, Messrs. P. K. Ghosh and Co. of Calcutta and Messrs. Brahmayya & Co. of Madras, who were appointed by the Government of India as auditors of the Bank by Notification No. F. 3(50)-BC/64, dated January 21, 1965 issued in exercise of the powers conferred by Section 50 of the Reserve Bank of India Act.

The Central Board:

148. Shri M. V. Rangachari relinquished charge of the office of Deputy Governor from the close of business on February 28, 1965 on the expiry of his term of appointment. The Board wishes to place on record its high appreciation of the valuable services rendered by Shri Rangachari. Shri B. N. Adarkar was appointed as a Deputy Governor of the Bank for a period of five years from June 16, 1965 in the vacancy caused by the retirement of Shri M. V. Rangachari.

149. Shri H. P. Nanda resigned from the Central Board of the Bank with effect from September 2, 1964 and the consequential vacancy was filled by the appointment of Dr. Triguna Sen as a Director of the Bank from January 7, 1965.

150. On the reconstitution of Local Boards on January 15, 1965, Shri V. S. Tyagaraja Mudaliar and Raja Bajrang Bahadur Singh were nominated as Directors of the Central Board of the Bank under Section 8(1)(b) of the Act to represent the Southern and Northern Area Local Boards, respectively. Shri K. Ramunni Menon and Shri Mehr Chand Mahajan retired as Directors of the Central Board of the Bank on the expiry of their terms of appointment on January 14, 1965.

151. Six meetings of the Central Board were held during the year, three of which were in Bombay and one each in Madras, Calcutta and New Delhi. The Committee of the Central Board held fifty-four meetings, of which eight were held in New Delhi, one in Calcutta and the rest in Bombay.

Local Boards:

152. The term of office of the members of all the four Local Boards of the Bank expired on January 14, 1965, and, in accordance with the provisions of Section 9(3) of the Reserve Bank of India Act, the Central Government constituted new Local Boards for the Western, Eastern, Northern and Southern Areas as from January 15, 1965. While reconstituting the Local Boards, the Government of India have nominated Shri L. V. Apte, Dr. Triguna Sen, Raja Bajrang Bahadur Singh and Shri C. Ramakrishna as new Members of the Western, Eastern, Northern and Southern Area Local Boards, respectively.

153. Shri N. R. Mody resigned his membership of the Western Area Local Board with effect from March 3, 1965.

154. Mr. A. D. Ogilvie, a member of the Eastern Area Local Board resigned his membership from February 27, 1965 and Mr. J. V. Jardine Paterson was nominated in the consequential vacancy.

Changes in Organisation and Management:

155. The Central Office of the Bank at Bombay, hitherto under the Chief Accountant, has been divided into three departments, *viz.*, (i) Department of Administration and Personnel, (ii) Department of Accounts and Expenditure, and (iii) Premises Department, which function respectively under the Chief Manager, Chief Accountant and Chief Officer.

156. The Department of Banking Development has been merged with the Department of Banking Operations which has been renamed as Department of Banking Operations and Development.

157. As the Bank is called upon to make a continuous study of the various aspects of export promotion, a new Division—the Division of Trade—was created in the Economic Department to undertake intensively studies relating to India's foreign trade and trade policies.

Bank's Premises:

158. The Bank's new office buildings at Calcutta and Kanpur are expected to be completed shortly. The construction of the office building at Patna is in progress. The Bank has already secured land for the construction of new office buildings at Bangalore, Bhubaneswar, Chandigarh, Hyderabad, Bhopal and

Trivandrum, while proposals for purchase of suitable land at Ahmedabad, Jaipur and Gauhati are under consideration. With a view to decentralising the note cancellation and distribution work, it has been decided to open Sub-offices of the Issue Department at selected centres. Arrangements have already been made for securing land required for the Sub-offices at Poona, Tiruchirapalli and Gorakhpur.

159. The construction of some of the residential buildings in the Staff colony at Santa Cruz, Bombay was completed and these have been occupied. The construction work of the Staff colony at Singhi Park, Calcutta is in progress. Construction of Officers' quarters in Calcutta has also commenced. Efforts are being made to secure land for quarters at other centres.

Employer-Employee Relations:

160. In the Report for the year 1962-63, a reference had been made to the Award of the National Industrial Tribunal (Bank Disputes) which inquired into the dispute between the Bank and its employees, and to the decision of the employees to appeal to the Supreme Court against a number of directions in the Award. Almost all the directions of the Tribunal were questioned in the appeal.

161. The appeal was heard by the Supreme Court from March 24 to March 30, 1965. While dismissing the appeal, the Supreme Court suggested two modifications in the Award *viz.*, (1) that gratuity be paid to dismissed employees also, subject to recouping the cost of any loss caused by them and (2) that the fitment in the Award scale in the case of employees who had drawn increments for graduation and for passing Institute of Bankers' Examination be on a revised formula which would be more advantageous to the employees. The Bank has agreed to carry out these suggestions.

RESERVE BANK OF INDIA

Balance Sheet as at June 30, 1965

ISSUE DEPARTMENT

LIABILITIES	Rs. P.	Rs. P.	ASSETS	Rs. P.	Rs. P.
Notes held in the Banking Department	27,46,18,797·00		Gold Coin and Bullion:—		
Notes in circulation	2664,59,40,824·00		(*a*) Held in India	133,75,66,024·57	
Total Notes issued		2692,05,59,621·00	(*b*) Held outside India	..	
			Foreign Securities	68,35,13,377·38	
			TOTAL		202,10,79,401·95
			Rupee Coin		95,22,40,642·45
			Government of India Rupee Securities		2394,72,39,576·60
			Internal Bills of Exchange and other Commercial Paper		..
Total liabilities		**2692,05,59,621·00**	**Total Assets**		**2692,05,59,621·00**

BANKING DEPARTMENT

LIABILITIES	Rs. nP.	ASSETS	Rs. nP.
Capital paid-up	5,00,00,000·00	Notes	27,46,18,797·00
		Rupee Coin	1,20,115·00
Reserve Fund	80,00,00,000·00	Small Coin	2,78,817·05
		Bills Purchased and Discounted:—	
National Agricultural Credit (Long-term Operations) Fund	100,00,00,000·00	(*a*) Internal	..
		(*b*) External	..
		(*c*) Government Treasury Bills	48,59,98,867·16
National Agricultural Credit (Stabilisation) Fund	10,00,00,000·00	Balances held Abroad*	3,18,45,079·96
		Investments**	270,39,77,740·08
		Loans and Advances to :—	
National Industrial Credit (Long-term Operations) Fund	15,00,00,000·00	(*i*) Central Government	..
		(*ii*) State Governments@	42,33,00,000·00
		Loans and Advances to :—	
Deposits:—		(*i*) Scheduled Banks†	53,90,85,000·00
(*a*) Government		(*ii*) State Co-operative Banks††	156,39,86,218·00
(*i*) Central Government	51,76,90,682·22	(*iii*) Others	2,24,62,000·00
(*ii*) State Governments	17,51,55,368·78	Loans, Advances and Investments from National Agricultural Credit (Long-term Operations) Fund	
(*b*) Banks		(*a*) Loans and Advances to :—	
(*i*) Scheduled Banks	107,41,51,442·32		
(*ii*) State Co-operative Banks	15,28,83,234·77	(*i*) State Governments	30,03,70,349·82
(*iii*) Other Banks	7,41,057·46	(*ii*) State Co-operative Banks	14,31,90,105·34
		(*iii*) Central Land Mortgage Banks	..
(*c*) Others	227,71,22,042·01		
Bills Payable	14,81,45,613·89	(*b*) Investment in Central Land Mortgage Bank Debentures	4,75,20,880·00
Other Liabilities	59,46,99,131·86	Loans and Advances from National Agricultural Credit (Stabilisation) Fund	..
		Loans and Advances to State Co-operative Banks	..
		Loans, Advances and Investments from National Industrial Credit (Long-term Operations) Fund	
		(*a*) Loans and Advances to the Development Bank	2,17,33,940·00

		(*b*) Investment in bonds/debentures issued by the Development Bank	..
		Other Assets	48,21,00,663·90
Total Liabilities . . .	**704,05,88,573·31**	**Total Assets**	**704,05,88,573·31**

Contingent liability on partly paid shares Rs. 6,66,666·67 P. (Sterling investments of £50,000/- converted @ 1 sh. 6 d.)

•Includes Cash and Short-term Securities

••(*i*) Excluding Investments from the National Agricultural Credit (Long-term Operations) Fund and the National Industrial Credit (Long-term Operations) Fund.

(*ii*) Includes £260,781-5-0 and U.S. £997,500 held abroad.

@Excluding Loans and Advances from the National Agricultural Credit (Long-term Operations) Fund.

†Includes Rs. Nil advanced to scheduled banks against usance bills under Section 17(4) (*c*) of the Reserve Bank of India Act.

††Excluding Loans and Advances from the National Agricultural Credit (Long-term Operations) Fund and the National Agricultural Credit Stabilisation) Fund.

D.N. MALUSTE,
Chief Accountant,
Dated, the 22nd July 1965.

P.C. BHATTACHARYYA, Governor.
C.S. DIVEKAR, Deputy Governor.
M.R. BHIDE, Deputy Governor.
B.K. MADAN, Deputy Governor.
B.N. ADARKAR, Deputy Governor.

PROFIT AND LOSS ACCOUNT

	FOR THE YEAR ENDED		
	June 30, 1965	June 30, 1964	June 30, 1963
	Rs. P.	Rs. P.	Rs. P.
INCOME			
Interest, Discount, Exchange, Commission, etc. †	62,26,61,523·98	52,22,24,259·20	56,05,13,899·90
EXPENDITURE			
Establishment	7,51,04,498·81	6,41,15,966·48	6,83,65,39·04
Director's & Local Board Members Fees & Expenses	63,596·75	51,779·58	50,169·16
Auditors' Fees	30,000·00	30,000·00	30,000·00
Rent, Taxes, Insurance, Lighting, etc.	36,03,995·68	30,04,208·01	27,25,869·39
Law Charges	18,967·99	23,106·53	7,728·94
Postage and Telegraph Charges	5,38,765·95	4,64,130·34	5,64,495·64
Remittance of Treasure	41,41,836·27	43,01,677·74	36,73,705·50
Stationery, etc.	14,04,875·10	13,02,036·15	11,68,075·43
Security Printing (Cheque, Note Forms, etc.)	2,48,34,512·20	1,92,64,250·28	2,12,55,249·59
Depreciation and Repairs to Bank Property	47,86,406·15	46,03,617·56	43,85,013·93
Agency Charges	2,45,19,273·05	2,20,25,581·33	2,02,00,501·68
Contributions to Staff and Superannuation Funds	7,32,000·00	7,32,000·00	7,32,000·00
Miscellaneous Expenses	28,82,031·00	23,05,411·27	23,54,659·18
Net available balance	48,00,00,765·03	40,00,00,513·63	44,50,01,042·42
TOTAL	62,26,61,523·98	52,22,24,259·20	56,05,13,899·90
Surplus payable to the Central Government	48,00,00,765·03	40,00,00,513·63	44,50,01,042·42

RESERVE FUND ACCOUNT

	Rs. P.
By Balance on 30th June 1965	80,00,00,000·00
By transfer from Profit and Loss Account	Nil
TOTAL	80,00,00,000·00

†After making usual or necessary provisions in terms of Section 47 of the Reserve Bank of India Act.

D.N. MALUSTE,
Chief Accountant.

P.C. BHATTACHARYYA, Governor.
C.S. DIVEKAR, Deputy Governor.
M.R. BHIDE, Deputy Governor.
R.K. MADAN, Deputy Governor.
B.N. ADARKAR, Deputy Governor.

Report of the Auditors

TO THE PRESIDENT OF INDIA,

We, the undersigned Auditors of the Reserve Bank of India, do hereby report to the Central Government upon the Balance Sheet and Accounts of the Bank as at 30th June, 1965.

We have examined the above Balance Sheet with the Accounts, Certificates and Vouchers relating thereto of the Central Office and of the offices at Calcutta, Bombay and Madras and with the Returns submitted and certified by the Managers of the other Offices and Branches, which Returns are incorporated in the above Balance Sheet, and report that where we have called for explanations and information from the Central Board such information and explanations have been given and have been satisfactory. In our opinion, the Balance Sheet, is a full and fair Balance Sheet containing the particulars prescribed by and in which the assets have been valued in accordance with the Reserve Bank of India Act, 1934 and the Regulations framed thereunder and is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs according to the best of our information and the explanations given to us, and as shown by the Books of the Bank.

Dated, the 22nd July 1965

S.B. BILLIMORIA & Co.
P.K. GHOSH & Co.
BRAHMAYYA & Co.
} Auditors.

[No. F. 3(44)BC/65]

New Delhi, the 27th September 1965

S.O. 3136.—In exercise of the powers conferred by sub-section (3) of section 45 of the Banking Companies Act, 1949 (10 of 1949), the Central Government hereby directs that in partial modification of the provisions of paragraph 2 of the order of moratorium made by it in relation to the National Bank of Pakistan, Calcutta (published as S.O. 2854 in the Gazette of India dated the 11th September 1965) no payment on account of any drafts or pay orders issued by the bank or bills received for collection by the bank shall be made after the 27th September 1965 without the permission of the Central Government.

[No. F.17(19A)-BC/65.]

S.O. 3137.—In exercise of the powers conferred by sub-section (3) of Section 45 of the Banking Companies Act, 1949 (10 of 1949), the Central Government hereby directs that in partial modification of the provisions of paragraph 2 of the order of moratorium made by it in relation to the Habib Bank Limited, Bombay (published as S.O. 2853 in the Gazette of India dated the 11th September 1965) no payment on account of any drafts or pay orders issued by the bank or bills received for collection by the bank shall be made after the 27th September 1965, unless the said payment is authorised by the Central Government.

[No. F.17(19)-BC/65.]

R. K. SESHADRI, Director (Banking).

(Department of Company Affairs and Insurance)

New Delhi, the 24th September 1965

S.O. 3138.—In pursuance of sub-paragraph (3) of paragraph 19 of the Emergency Risks (Goods) Insurance Scheme, the Central Government recognises the following persons as 'loss assessors' for the purposes of that paragraph.

1. Messrs. C. P. Mehta & Co., 42-43, Alli Chambers, Dean Lane, Bombay-1.
2. M. S. Murdia, Esq., C/o Mr. B. L. Ghuwalewala, 11, Bank Street, Bombay-1.
3. M/s. Kapadia & Baria and Toplis & Harding Private Ltd., Advent, 8th Floor, 12-A, Foreshore Road, Bombay-1.
4. Messrs. Raji Chopra & Sons, Deepak Mahal, Churchgate, Bombay-1.
5. Messrs. G. P. Dave & Sons, Ramnath Bhuvan, Bedi Road, Jamnagar.
6. Messrs. V. N. C. Narichania & Co., 22, Sir P. M. Road, Bombay-1.
7. M/s. R. J. Patel, Production Cost Control & Consultation Service, Post Box No. 1866, Bombay-1.
8. Shri V. N. Khanna, 16-A/7, W.E. Area, Karol Bagh, New Delhi.
9. Messrs. Digamber Lal Puri & Sons, 25, 'L' Block, Con. Cir. New Delhi-1 and also at 43/13, E, Patel Nagar, New Delhi-12.
10. Messrs. Darbarilal Puri & Sons, 8/19, W.E. Area, Karol Bagh, New Delhi-5.
11. Shri R. C. Mehta, 52, Janpath, New Delhi-1.
12. Shri R. K. Bhandari, 24, Darya Ganj, Delhi.
13. M/s. Khanna & Sons, 8/35, South Patel Nagar, New Delhi-12.
14. Underwriters Adjustment Co. Inc., A-3, Gillander House, 8, Netaji Subhas Road, Calcutta-1.
15. M/s. N. F. Buckley, 7, Fancy Lane, Calcutta.
16. M/s. Landale & Clark Ltd., 18, Netaji Subhas Road, Calcutta-1.
17. M/s. M. C. Chopra & Co., 47, Pt. Purushottam Roy Street, Calcutta-7.
18. Messrs. Sinclair Murry & Co. P. Ltd., Calcutta.
19. M/s. S. K. Swamy & Co., 3 Kondi Chetty Street, Madras-1.
20. M/s. V. Ramakrishnan, 9 Conransmith Road, Madras-6.
21. M/s. R. A. Rajagopal, Sri Narasimharaja Road, Bangalore.
22. Messrs. M. C. Desai & Co. Kishore Bhavan, Collector Ganj, Kanpur.

[No. F.112(1)-INS.I/65-ERI(I).]

S.O. 3139.—In pursuance of sub-paragraph (2) of paragraph 18 of the Emergency Risks (Factories) Insurance Scheme, the Central Government recognises the following persons as 'loss assessors' for the purposes of that paragraph.

1. Messrs. C. P. Mehta & Co., 42-43, Alli Chambers, Dean Lane, Bombay-1.
2. M. S. Murdia, Esq., C/o Mr. B. L. Ghuwalewala, 11, Bank Street, Bombay-1.
3. M/s. Kapadia & Baria and Toplis & Harding Private Ltd. Advent, 8th Floor, 12-A, Foreshore Road, Bombay-1.
4. Messrs. Raji Chopra & Sons, Deepak Mahal, Churchgate, Bombay-1.
5. Messrs. G. P. Dave & Sons, Ramnath Bhuvan, Bedi Road, Jamnagar.
6. Messrs. V. N. C. Narichania & Co., 22, Sir P. M. Road, Bombay-1.
7. M/s. R. J. Patel, Production Cost Control & Consultation Service, Post Box No. 1866, Bombay-1.
8. Shri V. N. Khanna, 16-A/7, W.E. Area, Karol Bagh, New Delhi.
9. Messrs Digamber Lal Puri & Sons, 25, 'L' Block, Con. Cir. New Delhi-1 and also at 43/13, East Patel Nagar, New Delhi-12.
10. Messrs. Darbarilal Puri & Sons, 8/19, W.E. Area, Karol Bagh, New Delhi-5.
11. Shri R. C. Mehta, 52, Janpath, New Delhi.
12. Shri R. K. Bhandari, 24, Darya Ganj, Delhi.
13. M/s. Khanna & Sons, 8/33, South Patel Nagar, New Delhi-12.
14. Underwriters Adjustment Co. Inc., A-3, Gillander House, 8, Netaji Subhas Road, Calcutta-1.
15. M/s. N. F. Buckley, 7 Fancy Lane, Calcutta.
16. M/s. Landale & Clark Ltd. 18, Netaji Subhas Road, Calcutta-1.
17. M/s. M. C. Chopra & Co., 47, Pt. Purushottam Roy Street, Calcutta-7.
18. Messrs. Sinclair Murray & Co. P. Ltd., Calcutta.
19. M/s. S. K. Swamy & Co., 3, Kondi Chetty Street, Madras-1.
20. M/s. Ramakrishnan, 9, Conransmith Road, Madras-6.
21. M/s. R. A. Rajagopal, Sri Narasimharaja Road, Bangalore.
22. Messrs. M. C. Desai & Co. Kishore Bhavan, Collector Ganj, Kanpur.

[No. F. 112(1)-INS.I/65-ERI(II).]

S. S. SHARMA, Under Secy.

(Department of Revenue)

INCOME-TAX

New Delhi, the 25th September 1965

S.O. 3140.—In exercise of the powers conferred by sub-section (6) of section 88 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies the following temple as a place of public worship of renown throughout the State of Rajasthan for the purposes of the said section:

Shree Rama Vaikunth Temple, Pushkar (Ajmer).

[No. 95. F. No. 16/6/64-IT(AI)].

G. R. DESAI, Dy Secy.

CENTRAL BOARD OF DIRECT TAXES

INCOME-TAX

New Delhi, the 27th September 1965

S.O. 3141.—In exercise of the powers conferred by sub-section (1) of Section 122 of the Income-tax Act, 1961 (43 of 1961), and of all other powers enabling it in that behalf, the Central Board of Direct Taxes hereby makes the following

amendment in the Schedule appended to its Notification No. 39-Income-tax dated 31st May, 1965, namely:—

In the said Schedule against 'B' Range, Madras, under column 2, the following shall be substituted, namely:—

B' Range, Madras.

1. Madras City Circle II.
2. Madras City Circle IV.
3. Salaries Circle, Madras.
4. Salaries Circle I, Madras.
5. Salaries Circle II, Madras.
6. Special Survey Circle, Madras.
7. Special Investigation Circle 'A', Madras.
8. Special Investigation Circle 'B', Madras.
9. Tax Recovery Circle, Madras.
10. Central Circles, I, II, III, IV, V, VI and VII, Madras.

This notification shall take effect from 27th September, 1965.

Explanatory Note

The amendment has become necessary on account of creation of a new Circle known as Central Circle VII, Madras in the Commissioner's charge.

(The above note does not form a part of the notification but is intended to be merely clarificatory).

[No. 96. (F. No. 50/58/65-ITJ)].

P. G. GANDHI, Under Secy.

परिवहन मंत्रालय

(परिवहन पक्ष)

नई दिल्ली 10 मई, 1965

एस० ओ० 3142.—भारतीय व्यापार पोत नियम 1954 (नाविक रोजगार कार्यालय, कलकत्ता) के नियम 5 का अनुसरण करते हुए केन्द्रीय सरकार एतद् द्वारा कलकत्ता के पत्तन पर इस अधिसूचना के जारी होने की तारीख से दो वर्षों के लिये नाविक रोजगार मंडल (विदेश जाने वाले) स्थापित करती है और निम्न सदस्यों को उसका सदस्य नियुक्त करती है :—

1.	महानिदेशक जहाजरानी	अध्यक्ष
2.	नाविक रोजगार कार्यालय, कलकत्ता, का कार्यभारी उपमहानिदेशक जहाजरानी	उपाध्यक्ष
3.	श्रम आयुक्त, पश्चिम बंगाल, कलकत्ता	सदस्य
4.	निदेशक, राष्ट्रीय रोजगार सेवा, पश्चिम बंगाल, कलकत्ता	सदस्य
5.	निदेशक, नाविक रोजगार, कार्यालय, कलकत्ता	सदस्य सचिव
6.	कप्तान, जे० पेटरसन	जहाज मालिकों का प्रतिनिधित्व करने वाले सदस्य
7.	कप्तान, ए० बी० मैकस्वीनी	
8.	श्री एम० लतीफ	
9.	श्री एच० डी० आर० स्मिथ	
10.	श्री एच० एम० जगतियानी	
11.	श्री कानी मुकर्जी	नाविकों का प्रतिनिधित्व करने वाले सदस्य
12.	श्री अब्दुल गनी	
13.	श्री बिकास मजूमदार	
14.	श्री विजय मुकर्जी	
15.	कालीपदराय	

[संख्या—15—एम० टी० (2)/64]

नई दिल्ली 31 मई 1965

एस० ओ० 3143.—भारतीय व्यापार पोत नियम 1954 (नाविक रोजगार कार्यालय बंबई) के नियम 5 के अनुसरण में केन्द्रीय सरकार एतद् द्वारा बंबई के पत्तन में नाविक रोजगार मंडल (देशीव्यापार) की स्थापना इस अधिसूचना के जारी होने के दिनांक से 2 वर्षों की अवधि के लिये करती है और निम्न व्यक्तियों को उसका सदस्य नियुक्त करती है :—

1. नाविक रोजगार कार्यालय बंबई के कार्यभारी उपमहानिदेशक जहाजरानी		अध्यक्ष
2. निदेशक, नाविक रोजगार कार्यालय, बंबई		सदस्य सचिव
3. श्री एन० एच० धजीभाई	)	जहाज मालिकों का प्रतिनिधित्व करने
4. श्री एन० एम० कपाडिया	)	वाले सदस्य
5. डा० शान्ति पटेल	)	नाविकों का प्रतिनिधित्व करने वाले सदस्य
6. श्री विलास मंजरेकर	)	

[संख्या 15-एम० टी० (5)/62]

व्यापारिक नौपरिवहन

नयी दिल्ली 13 अगस्त, 1965

एस० ओ० 3144.—भारतीय व्यापार पोत नियम 1954 (नाविक रोजगार कार्यालय कलकत्ता) के नियम 5 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए केन्द्रीय सरकार एतद् द्वारा कलकत्ता के पत्तन पर नाविक रोजगार मंडल (विदेश जाने वाले) में जो भारत सरकार के परिवहन मंत्रालय की अधिसूचना संख्या 15-एम०टी० (2)/64—के अन्तर्गत दिनांक 10 मई, 1965 को स्थापित हुआ था जहाज मालिकों का प्रतिनिधित्व करने के लिये सदस्य के रूप में कप्तान जे० पेटरसन के स्थान पर जिन्होंने त्याग पत्र दे दिया है कप्तान एम० एन० उरे को नियुक्त करती है और उक्त अधिसूचना में निम्न संशोधन करती है, अर्थात् :—

उक्त अधिसूचना में मद संख्या (6) के सामने "कप्तान जे० पेटरसन" के स्थान पर कप्तान एम० एन० उरे होगा ।

[संख्या—15-एम०टी० (2)/64]

डी० एस० निमि,

भारत सरकार के उप सचिव ।

व्यापार पोत

नई दिल्ली 31 अगस्त, 1965

एस० ओ० 3145.—नौपरिवहन विकास निधि समिति (सामान्य) नियम 1960 के नियम 3 के साथ पठित व्यापार पोत अधिनियम 1958 (1958 का 44) की धारा 15 उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुये केन्द्रीय सरकार एतद् द्वारा श्री पी० एन० जैन, संयुक्त सचिव, भारत सरकार वित्त मंत्रालय को श्री आर०एस० गुप्त, संयुक्त सचिव भारत सरकार, वित्त मंत्रालय के

स्थान पर 16 अगस्त 1965 से नौपरिवहन विकास निधि समिति का सदस्य नियुक्त करती है और परिवहन तथा संचार मंत्रालय (परिवहन विभाग) (परिवहन पक्ष) में भारत सरकार की अधिसूचना संख्या 33-एम० एस० (222/58/2 दिनांक 17 मार्च, 1959 में निम्न अतिरिक्त संशोधन करती है, अर्थात्—

उक्त अधिसूचना में, क्रम संख्या 2 के विपरीत मौजूदा इंदराज के लिये निम्न इंदराज बदल किया जायेगा :—

क्रमसंख्या	सदस्य का नाम	नियुक्ति की तिथि
2.	श्री पी० एम० जन०, संयुक्त सचिव, भारत सरकार, वित्त मंत्रालय	16-8-65

[सं० 35-एम० डी० (3)/65]

जसवन्त सिंह

भारत सरकार के अवर सचिव ।

DELHI DEVELOPMENT AUTHORITY

PUBLIC NOTICE

New Delhi, the 30th September 1965

S.O. 3146.—Notice under section 10(1) of the Delhi Development Act, 1957 (No. 61 of 1957) read with rules 5 and 15 of the Delhi Development (Master Plan and Zonal Development Plan) Rules, 1959.

Notice is hereby given that

(a) a draft of the zonal development plan for each of the following zones:—

(i) B-7 (Naraina Village area),

(ii) H-1 (Gulabi Bagh area),

(iii) G-8 (Rajouri Garden),

(iv) F. 11 & F. 12 } (Munirka and Manakpura Basant Nagar area),

(v) E. 6 & E. 16 } (Dilshad Garden) (Kachhipura), and

(vi) D-2 (Mata Sundri Road area)

has been prepared; and

(b) a copy thereof will be available for inspection at the following offices between the hours of 11 a.m. and 3 p.m. on all working days except Saturdays, till the date mentioned in paragraph 3 hereinafter:—

(1) Office of the Delhi Development Authority, Delhi Vikas Bhawan, Indraprastha Estate, "D" Block, New Delhi;

(2) Office of the New Delhi Municipal Committee, Town Hall, New Delhi;

(3) Office of the Delhi Municipal Corporation, Town Hall, Delhi-6; and

(4) Office of the Executive Officer, Delhi Cantonment Board, Delhi Cantt.

2. Objections and suggestions are hereby invited with respect to these draft zonal development plans.

3. The objections or suggestions may be sent in writing to the Secretary, Delhi Development Authority, Delhi Vikas Bhawan, Indraprastha Estate, "D" Block, New Delhi by the 8th November, 1965.

Any person making an objection or suggestion should also give his name and address.

R. K. VAISH, Secy.

MINISTRY OF STEEL AND MINES

(Department of Iron and Steel)

New Delhi, the 1st October, 1965

S.O. 3147/ESS.COMM/IRON & STEEL/AM.—In exercise of the powers conferred by section 3 of the Essential Commodities Act, 1955 (10 of 1955), the Central Government hereby makes the following Order further to amend the Iron and Steel (Control) Order, 1956, namely:—

1. (1) This Order may be called the Iron and Steel (Control) Amendment Order, 1965.

(2) It shall come into force on the date of its publication in the Official Gazette.

2. In the Iron and Steel (Control) Order, 1956 (hereinafter referred to as the said Order), in clause 2,

(a) for sub-clause (c), the following sub-clause shall be substituted, namely:—

"(c) "Controller" means the person appointed as Iron and Steel Controller by the Central Government and includes any person or body of persons authorised in writing by the Central Government, to exercise all or any of the powers of the Iron and Steel Controller with regard to all or any of the categories of iron and steel or scrap.";

(b) sub-clause (f) shall be omitted;

(c) for sub-clause (i) the following sub-clause shall be substituted, namely:—

"(i) "Registered Stockholder" means a person holding stocks of iron or steel for sale who is registered as a stockholder by the Controller, under such terms and conditions as he may specify from time to time."

(d) after sub-clause (k), the following sub-clause shall be inserted, namely:—

"(i) "Stockholder" means a person holding stocks of iron or steel for sale, including controlled stockholders and registered stockholders".

3. After clause 2 of the said Order, the following clause shall be inserted, namely:—

"2A. The Central Government may exempt steel of one or more categories specified in the Schedule to this Order, or iron or scrap of any category as may be specified, from all or any of the provisions of this Order, or declare that any provision of this Order shall apply to steel of one or more categories specified in the Schedule, or iron or scrap of any category as may be specified, with such modifications as that Government may specify in this behalf".

4. In clause 4 of the said Order, for the words "a person holding stocks of iron and steel", the words "any person in possession of iron or steel" shall be substituted.

5. In clause 5 of the said Order for the words "No person, who acquires iron or steel under clause 4, or no producer shall dispose of or agree to dispose of", the words "No person shall sell or otherwise dispose of or agree to sell or otherwise dispose of" shall be substituted;

6. In clause 7 of the said Order the proviso to the clause and the directions given thereunder shall be omitted.

7. Clause 8 of the said Order shall be omitted.

8. For clause 10 of the said Order, the following clause shall be substituted, namely:—

"10. Power to direct release or sale.—Notwithstanding the provisions of this Part or the conditions governing the acquisition of any categories of

iron or steel, the Controller may, by a written order, require any producer, any stockholder, or any person in possession of iron or steel either to release by way of loan or sell the whole or any part of any iron or steel in the possession of such party to such person or class of persons on such terms and conditions as may be specified in the Order.

NOTE.—In the exercise of the powers conferred by this clause, the Controller may have regard to the following matters:—

(a) the requirements of the persons in possession of such iron or steel;

(b) the requirements of the persons needing such iron or steel;

(c) the transport facilities available; and

(d) other factors, including a strike or lock-out affecting production or fabrication."

9. In clause 12 of the said Order,—

(i) in sub-clause (1) the words "and other person holding stocks of iron and steel" shall be omitted;

(ii) in sub-clause (2) the words "or persons holding stocks of iron or steel", wherever they occur, shall be omitted.

10. In clause 14 of the said Order,—

(i) in sub-clause (1), the words "or other person holding stocks of iron or steel" shall be omitted;

(ii) in sub-clause (1), the words "or other person holding stocks of iron or steel" shall be omitted;

(iii) in sub-clause (3), the words "or other person holding stocks of iron and steel" shall be omitted;

(iv) in sub-clause (4), for the words "controlled stockholder or stockholder with regard to his function as controlled stockholder or stockholder" the words "producer or stockholder with regard to his function as producer or stockholder" shall be substituted.

11. In the first proviso to sub-clause (1) of clause 15 of the said Order, the words "holding stocks of iron or steel" shall be omitted.

12. In clause 16 of the said Order,—

(i) for sub-clause (a), the following sub-clause shall be substituted, namely:—

"(a) erect, re-erect, construct or extend any buildings or works intended for—

(i) the production of iron or steel, or

(ii) the transformation of iron or steel from one category to another category specified in the Schedule to this Order";

(ii) for sub-clause (b), the following sub-clause shall be substituted, namely:—

"(b) instal any plant or equipment, including any machine tools, for—

(i) the production of iron or steel, or

(ii) the transformation of iron or steel from one category to another category specified in the Schedule to this Order";

(iii) After sub-clause (b), the following sub-clause shall be inserted, namely:—

"(c) transform or steel from one category to another category specified in the Schedule to this Order".

13. In clause 20 of the said Order, for the words "sell or otherwise dispose of", the words "use or process or sell or otherwise dispose of", shall be substituted.

14. In clause 25 of the said Order sub-clause (4) shall be omitted.

15. In clause 27 of the said Order, the following clause shall be inserted, namely:—

"27A. Power to control the creation of productive capacity in respect of scrap:—

No person shall, except under the authority of, and in accordance with the conditions specified in a general or special orders of the Controller—

(a) erect, re-erect, construct or extend any buildings or works intended for processing or transformation of scrap;

(b) instal any plant or equipment, including any machine tools for the processing or transformation of scrap;

(c) transform scrap from one category to another."

16. After clause 28 of the said Order, the following clause shall be inserted, namely:—

"28A. Revocation and surrender of revoked authorities:—

(1) The Controller may revoke any quota certificate, permit, authorisation, release order, allocation, planning note or any other special or general written order issued in exercise of the powers conferred on him by any clause of this Order:

Provided that before making such revocation, the Controller shall afford a reasonable opportunity to the affected person to show cause as to why the revocation shall not be made.

(2) Where the Controller has passed an order of revocation under sub-clause (1), the person to whom any quota certificate, permit, authorisation, release order, allocation or Planning note was issued, shall forthwith return the same to the authority which issued it."

17. In the Schedule to the said Order—

(i) the following entries shall be omitted, namely:—

"(a) Black Sheets (Plain and Corrugated).

(b) Galvanised Sheets (Plain and Corrugated).

(c) Wrought Iron Pressure Pipes and Tubes, Steel Pressure Pipes and Tubes.

(d) Wrought Iron fittings, Malleable Iron Fittings and Steel Fittings, coated or uncoated, excluding Electrical Conduit Pipes.

(e) Cast Iron Pressure Pipes and Specials."

(ii) The following entries shall be added at the end, namely:—

"(a) Black Sheets (Plain).

(b) Black Sheets (Corrugated).

(c) Galvanised Sheets (Plain).

(d) Galvanised Sheets (Corrugated)."

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A. K. AGARWAL, Under Secy.

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